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Legislative Fiscal Report 2003 biennium

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# VOLUME FISCAL REPORT 2003 BIENNIUM

## Volume 4 - Agency Budgets

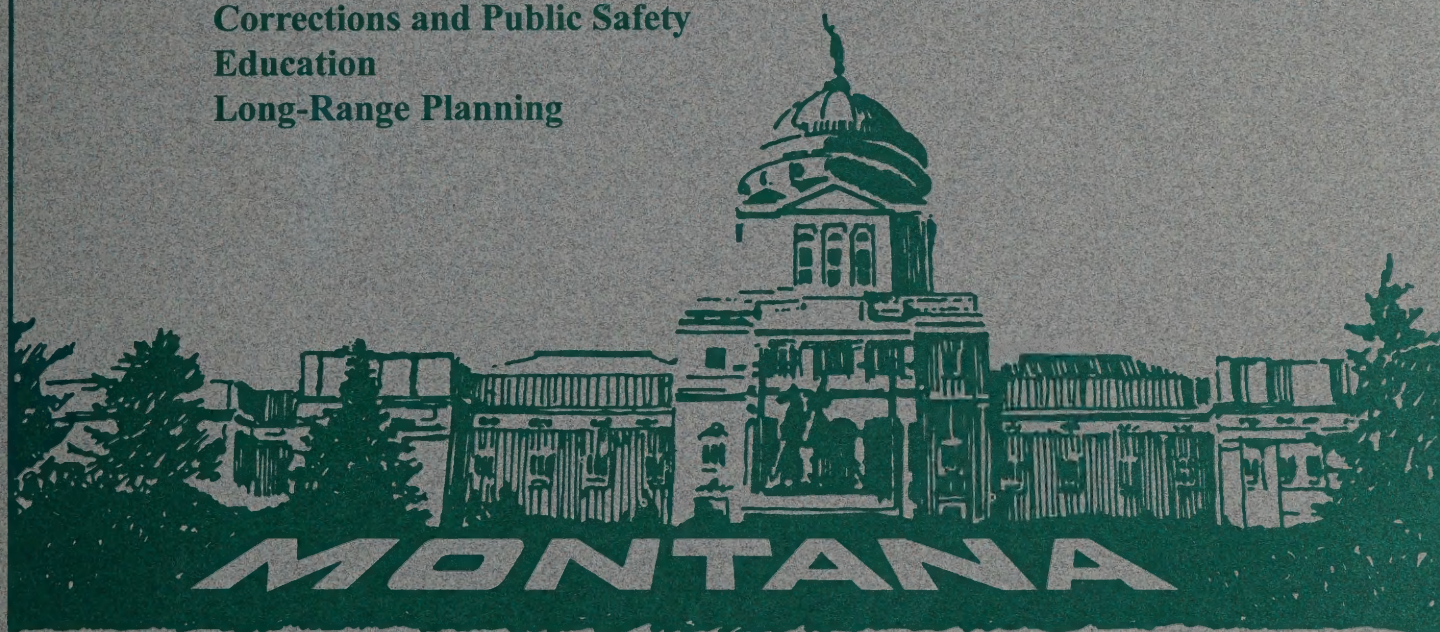
Introduction

Natural Resources and Commerce

Corrections and Public Safety

Education

Long-Range Planning



June 2001

LEGISLATIVE  
FISCAL  
DIVISION



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# LEGISLATIVE FISCAL REPORT

2003 Biennium

Volume 4 – Agency Budgets

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Presented to the Fifty-seventh Legislature

Submitted by

The Legislative Fiscal Division

Helena, Montana

June, 2001

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**APPROPRIATIONS BY  
AGENCY AND PROGRAM  
— INTRODUCTION —**









# APPROPRIATIONS BY AGENCY AND PROGRAM

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This summary of the layout and composition of the "Appropriations by Agency and Program" section (Volumes 3 and 4) is designed to provide the reader with a "road map" for reading and utilizing the agency appropriations report that follows.

The report on agency and program appropriations is designed to provide a resource for legislators and members of the public to understand actions taken on agency budgets by the legislature and their impact on agency operations. It does this by detailing the components of the budget, as well as providing a summary of legislative action, and a discussion of other legislation impacting the agency. The agencies are grouped by categories that mirror the groupings used in the appropriations process, and are summarized below.

## Agency Subcommittee Groupings

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### GENERAL GOVERNMENT AND TRANSPORTATION (Section A)

- Legislative Branch
- Consumer Counsel
- Judiciary
- Montana Chiropractic Legal Panel
- Governor's Office
- Secretary of State
- Commissioner of Political Practices
- State Auditor's Office
- Transportation
- Revenue
- Administration
- Appellate Defender Commission

### HEALTH AND HUMAN SERVICES (Section B)

- Public Health & Human Services

### NATURAL RESOURCES AND COMMERCE (Section C)

- Fish, Wildlife and Parks
- Environmental Quality
- Livestock
- Natural Resources and Conservation
- Agriculture
- Commerce

### INSTITUTIONS AND PUBLIC SAFETY (Section D)

- Board of Crime Control
- Justice
- Public Service Regulation
- Corrections
- Labor and Industry
- Military Affairs

### EDUCATION (Section E)

- Office of Public Instruction
- Board of Public Education
- School for the Deaf and Blind
- Montana Arts Council
- State Library Commission
- Montana Historical Society
- Montana University System
- Commissioner of Higher Education
- Six University Units
- Colleges of Technology
- Community Colleges
- Agricultural Experiment Station
- Cooperative Extension Service
- Forestry and Conservation
- Experiment Station
- Bureau of Mines
- Fire Services Training School
- Tribal Colleges Assistance

### LONG-RANGE PLANNING (Section F)

- Long-Range Building Program
- Treasure State Endowment Program
- Oil Overcharge Program
- State Building Energy Conservation
- Resource Indemnity Trust Interest Grant and Loan Program
- Cultural and Aesthetic Grant Program
- Information Technology Bonds



# APPROPRIATIONS BY AGENCY AND PROGRAM

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## BUDGET PRESENTATIONS

The appropriations for all agency budgets were established and the appropriations report is written using the precepts contained in statute that require that the budget be presented in three tiers:

1. base budget, which is defined as "that level of funding authorized by the previous legislature";
2. present law budget, defined as "that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature..."; and
3. new proposals, which are "requests to provide new non-mandated services, to change program services, to eliminate existing services, or to change sources of funding..."

The appropriations report is presented in such a way as to show legislative action on each present law adjustment and new proposal made to the base budget to derive the 2003 biennium agency budget.

## LEGISLATIVE APPROPRIATIONS

Legislative appropriations are made via two ways: 1) temporary appropriations bills, which are valid for a two-year period; and 2) statutory appropriations, which are appropriations authorized within substantive law and effective as long as the law remains in effect.

The legislature generally uses two vehicles to make temporary appropriations: 1) HB 2; and 2) other appropriations bills, generally referred to as "cat-and-dog" bills. HB 2 is the general appropriations bill, in which over 90 percent of all general fund is appropriated in the 2003 biennium.

Statutory appropriations, while they represent an obligation on revenues and are included in any total expenditure tallies, do not require the passage of a bill to be effective. In addition, while the legislature estimates total statutory appropriations for the purpose of determining total available revenues for other appropriations, actual statutory appropriations will depend upon the underlying conditions controlling the appropriation, such as the level of debt service required, which is a function of not only the total debt undertaken, but factors such as prevailing interest rates.

The tables in the narrative within the "Appropriations by Agency and Program" section contain only HB 2 appropriations. As such:

1. the figures do not include the 2001 biennium pay plan adopted by the legislature in HB 13, as final allocations of funds to agencies and programs to implement the pay plan had not been made by the Office of Budget and Program Planning (OBPP) at the time of writing of this report;
2. the tables do not include other appropriation bills. Consequently, in some instances it may be necessary for clarity to include extra tables to supplement the main narrative tables; and
3. no statutory appropriations that may be made to or administered by an individual agency are included.

For all multiple program agencies, the narrative is divided into two parts: 1) the agency narrative; and 2) the program narrative.

## AGENCY NARRATIVE

The agency narrative provides an overview of the appropriations for that agency. Only a summary of legislative action for the agency, any agency-wide language, and a summary of other legislation having a significant fiscal impact on the agency are included at this level. All other discussion occurs within the relevant program narratives.

Each agency narrative begins with a table detailing adjusted actual fiscal 2000 expenditures, and present law adjustments and new proposals added to derive the appropriation for each year of the 2003 biennium. The table is followed by a brief agency description.



## APPROPRIATIONS BY AGENCY AND PROGRAM

A paragraph with a short summary of legislative action follows. The paragraph is designed to alert the reader to any broad themes or major initiatives undertaken by the legislature. However, it is not designed to summarize all action.

This section may be followed by a discussion of major issues pertaining to this agency and/or addressed by the legislature under the heading "Agency Narrative". It is also within this section that any action impacting more than one program within the agency might be detailed. For example, a discussion of the highways state special revenue account in the Department of Transportation is included in this section.

A table showing and a discussion detailing differences between legislative action and the Governor Martz Executive Budget (as published) is included.

Finally, any agency-wide language included in HB 2 concludes this section (if applicable). Because the appropriation report details HB 2 appropriations, any other legislation that either appropriates money to or has a fiscal or programmatic impact on the agency is discussed in the section that follows.

### PROGRAM NARRATIVE

The agency narrative is followed by narratives detailing each of the agency programs. The program narrative begins with a table showing the adjusted fiscal 2000 base used to derive the budget, followed by total present law adjustments, new proposals, and total appropriations, by fiscal year. A short program description follows.

The program description is followed by a section detailing the program's funding. This section may be followed by a "Program Narrative" section in which either a summary of action or discussion to highlight some aspect of the program budget is made.

This section is followed by the "Present Law Adjustments" discussion. This narrative provides detailed information on all present law adjustments made to the base budget. The writeup begins with a table delineating the major present law adjustments, by fiscal year and funding source (showing both general fund and total funds). The table is divided into two sections:

1. statewide present law adjustments, which include most personal services adjustments (including vacancy savings as initially recommended by Governor Racicot), and adjustments due to fixed costs and inflation/deflation (see discussion below); and
2. other present law adjustments specific to the program.

The table is followed by a narrative, in which each significant adjustment is discussed in more detail.

The "Present Law Adjustments" narrative is followed by the "New Proposals" narrative, which begins with a table listing each of the new proposals included by the legislature, by year and funding source. This table is followed by narrative discussing each new proposal in more detail.

Any language included in HB 2 pertaining to the program concludes the "Program Narratives" section.

### STATEWIDE PRESENT LAW ADJUSTMENTS

"Statewide Present Law Adjustments" are those adjustments applied globally to all state agencies. The factors of these adjustments generally affect all agencies and are beyond the control of the individual agencies. Because of the global application of these factors and the consistency of application among agencies, these adjustments are included in the "statewide" section of the present law adjustment table.

#### PERSONAL SERVICES

Personal services costs were derived by taking a "snapshot" of state employee positions and the factors determining compensation rates at a particular point in time. Personal services were then adjusted to incorporate costs in effect in fiscal 2001 and certain anticipated costs in the 2003 biennium. Four primary factors will cause



## APPROPRIATIONS BY AGENCY AND PROGRAM

an increase in costs from fiscal 2000 base expenditures: 1) incorporation of the 2001 biennium pay plan, which was not fully implemented until three months into fiscal 2001; 2) full funding of all positions, minus a three percent vacancy savings rate in the 2001 biennium for most agencies as initially recommended by Governor Racicot; 3) elimination of all termination pay that may have been incurred in fiscal 2000; and 4) incorporation of any upgrades or downgrades that occurred in fiscal 2000. In addition, some present law increases or decreases in FTE made by the legislature may be included in this portion of the table.

As stated, the 2003 biennium pay plan, adopted by the legislature in HB 13, is not included in this or any other table.

### FIXED COSTS

Agencies are charged fees (called fixed costs) for a variety of services provided by other state agencies. The legislature includes fixed costs for the following services (the object of expenditure is included in parentheses): Department of Administration (DofA) insurance and bonds (2104), DofA warrant writing fees (2113), DofA payroll service fees (2114), Legislative Auditor audit fees (2122), Statewide Accounting, Budgeting, and Human Resources System (SABHRS) operations bureau (2148), DofA network fees (2174), messenger services (2307), State Motor Pool (2510), DofA rent (2527), capitol complex grounds maintenance (2770), SABHRS debt service costs (2875), and state fund cost allocation plan (2895). Fixed costs total \$70.9 million during the 2003 biennium for all funds (including non-appropriated proprietary funds). Table 1 shows the total fixed cost amounts in the 2003 biennium.

Table 1  
Fixed Costs\*  
2003 Biennium (in Millions)

Subcommittee/Agency	Function	Total
<b>General Government</b>		
Administration	Insurance & Bonds	\$16.714
	Warrant Writing Fees	1.677
	Payroll Service Fees	0.727
	Data Network Services	18.836
	SABHRS Operating	8.351
	SABHRS Bonds	4.520
	Messenger Services	0.340
	Rent - Buildings	8.941
Transportation	Motor Pool Leases	5.875
Legislative Audit Division	Audit Fees	2.973
<b>Natural Resources and Commerce</b>		
Fish, Wildlife, & Parks	Grounds Maintenance	0.640
Various	State Fund Allocation Plan	1.291
<b>Total</b>		<b>\$70.885</b>

\*All funds, including non-budgeted proprietary funds.

Due to the passage of HB 576 (1995 legislature), the agencies that pay these costs receive an appropriation in HB 2 for that purpose. However, the agencies providing the service do not require an appropriation and are not included in HB 2, with the exception of audit fees. Instead, the legislature establishes the rates the providing programs may charge. Each rate is discussed more fully in the relevant program narrative in this section.

### Insurance and Bonds

The Risk Management and Tort Defense (RMTD) Division of the DofA collects premiums from state agencies for: 1) administration of the self-insurance program, which provides state agencies with general liability and automobile coverage; and 2) purchase of commercial policies for state agency property, aircraft, and other risk coverage. Costs are allocated to agencies based on actual loss experience and inherent exposure.

### Warrant Writing Fees

DofA provides warrant writing and direct deposit services for agency financial transactions. The costs of these services are allocated to agencies based upon actual fiscal 1998, fiscal 1999, and fiscal 2000 (through May 2000) utilization of the various types of financial transactions.

### Payroll Service Fees

The State Payroll program in DofA prepares and distributes payroll for all state agencies and operates the state payroll, personnel, and position control (PPP) system. Costs of these services are allocated to agencies based on the number of paychecks issued for each agency each year.



# APPROPRIATIONS BY AGENCY AND PROGRAM

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## SABHRS Operations Bureau

In the 2001 biennium, the new Statewide Accounting, Budget, and Human Resources System (SABHRS) was put in place. This unit provides all operational support for the new systems. Costs are allocated based upon the number of fiscal 2000 full-time equivalent employees.

## Data Network Services

The Information Services Division (ISD) of DofA charges agencies for the technology network that allows agency personal computers to be attached to the state mainframe and, via the mainframe, to other agency computers. Costs of this service are allocated to agencies based on the projected number of personal computers connected to the network each year, utilizing the fixed monthly rate per computer to determine the overall agency charge.

## Messenger Service

The Mail and Distribution program in DofA charges state agencies for inter-agency mail pick-up and delivery services. Costs of these services are allocated to agencies based on the volume of mail generated by, and number of daily deliveries to, each agency.

## State Motor Pool Leases

The State Motor Pool of the Department of Transportation charges state agencies for the lease of vehicles. Charges are based upon anticipated hours of usage and anticipated miles traveled.

## Rent

The General Services Division (GSD) of DofA charges rent to state agencies for costs of maintaining office and warehouse space in buildings GSD manages in the capitol complex (including utility costs, security, janitorial services, mechanical maintenance, and minor maintenance such as painting, lighting, carpeting, etc.). Warehouse costs are allocated to agencies based on the amount of square footage of warehouse space occupied and a fixed rate per square foot.

## Audit Fees

The Legislative Audit Division charges agencies for costs of financial compliance audits. These charges are included in agency budgets as biennial appropriations and allocated according to the estimated number of billable hours for each agency audit.

## Capitol Complex Grounds Maintenance

The Parks Division of Fish, Wildlife and Parks charges state agencies for grounds maintenance and snow removal at capitol complex buildings. Costs of these services are allocated based on the square footage of office space occupied by each agency.

## SABHRS Bond Costs

SABHRS purchase and implementation costs were funded through general obligation bonds. The costs of repaying those bonds are allocated to agencies as a fixed cost. Costs were allocated based upon the same method used for the SABHRS Operations Unit.

## State Fund Cost Allocation Plan (SFCAP)

DofA administers the SFCAP, which charges non-general fund agencies and/or programs for operating costs of state government that cannot easily be identified with particular funding sources. These collections are deposited to the general fund to offset a portion of those programs' costs.

Operating costs of the State Personnel and the Accounting and Management Support Divisions of DofA and the Office of Budget and Program Planning (OBPP) in the Governor's Office are partially recovered through SFCAP



## APPROPRIATIONS BY AGENCY AND PROGRAM

collections. Costs are allocated to agencies based on the following: a) State Personnel - the number of FTE appropriated and classified, and the number of negotiated labor contracts; b) Accounting and Management Support - the number of SBAS and cash transactions, and actual expenditures; and c) OBPP - the number of FTE and budgeted fund expenditures.

### Inflation/Deflation Factors

HB 2 does not include a general inflation factor for all operating expenses, but instead applies an inflation or deflation factor to fiscal 2000 expenditures for eight specific items.

Table 2 shows inflation and deflation factors and the items to which they are applied. Of the eight items, "electricity" and "natural gas" are the only two purchased outside of state government. The other items or services are purchased from other state agencies and payments for these items or services go into a proprietary account. The legislature sets the rates that other state agencies must pay for items or services, and thus determines the fund levels in proprietary accounts.

### Vacancy Savings

Vacancy savings is the difference between the cost of personal services assuming all positions are filled for the entire year, versus the actual cost due to vacancies, turnover, and other factors. The legislature has applied a vacancy savings rate on fully funded personal services to account for this difference. Vacancy savings was applied to most state agencies, with the following exceptions: 1) agencies with fewer than 20 FTE; 2) university system faculty; and 3) elected officials. Vacancy savings was applied in two separate actions.

- Vacancy savings of 3 percent on all non-insurance personal services as recommended by Governor Racicot, which appears in the "Statewide Present Law Adjustments" portion of the present law adjustments table in each program
- A further 1 percent on all non-insurance personal services, plus a 4 percent rate on all insurance as recommended by Governor Martz. This reduction is included in a present law adjustment.

Table 2 Inflation and Deflation Factors 2003 Biennium			
Account	Item Name	Change From Fiscal 2000	
		Fiscal 2002	Fiscal 2003
<u>Inflation</u>			
2171	Mid-Tier Processing	14.0%	8.0%
2193	Photocopier Pool	11.0%	20.0%
2404	In-state State Motor Pool	18.0%	28.0%
2601	Electricity	7.0%	9.0%
2603	Natural Gas	18.0%	10.0%
<u>Deflation</u>			
2172	Computer Services Charges	-20.0%	-20.0%
2175	System Development DofA	-15.0%	-15.0%
2385	Long Distance Charges DofA	-7.0%	-7.0%
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Selected programs had other rates applied. The legislature provided a contingency fund in HB 13 to assist agencies that cannot meet vacancy savings targets. For a further discussion of vacancy savings, see Volume 1 of this report.



# NATURAL RESOURCES AND COMMERCE

## Section C

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### JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS AND SENATE FINANCE COMMITTEES

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#### -----Agencies-----

Fish, Wildlife & Parks  
Environmental Quality  
Livestock

Natural Resources and Conservation  
Agriculture  
Commerce

#### -----Committee Members-----

##### House

Representative Dick Haines (Chair)  
Representative Christine Kaufmann  
Representative Joe Tropila

##### Senate

Senator Bill Crismore (Vice-Chair)  
Senator Bill Tash  
Senator Linda Nelson

#### -----Fiscal Division Staff-----

Gary Hamel  
Todd Younkin







Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	568.52	4.00	10.67	583.19	4.00	12.67	585.19	585.19
Personal Services	21,719,523	1,675,654	541,647	23,936,824	1,823,501	584,472	24,127,496	48,064,320
Operating Expenses	20,005,153	401,832	1,657,242	22,064,227	328,898	2,193,018	22,527,069	44,591,296
Equipment	701,700	15,103	40,000	756,803	(282,897)	40,000	458,803	1,215,606
Capital Outlay	0	0	0	0	0	0	0	0
Grants	1,131,185	(429,650)	110,000	811,535	(547,650)	50,000	633,535	1,445,070
Benefits & Claims	6,641	0	0	6,641	0	0	6,641	13,282
Transfers	0	0	2,814,817	2,814,817	0	2,814,817	2,814,817	5,629,634
<b>Total Costs</b>	<b>\$43,564,202</b>	<b>\$1,662,939</b>	<b>\$5,163,706</b>	<b>\$50,390,847</b>	<b>\$1,321,852</b>	<b>\$5,682,307</b>	<b>\$50,568,361</b>	<b>\$100,959,208</b>
General Fund	419,466	3,399	(141,047)	281,818	3,395	(141,044)	281,817	563,635
State/Other Special	31,653,448	2,503,811	1,038,662	35,195,921	2,152,102	1,560,934	35,366,484	70,562,405
Federal Special	11,491,288	(844,271)	4,266,091	14,913,108	(833,645)	4,262,417	14,920,060	29,833,168
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$43,564,202</b>	<b>\$1,662,939</b>	<b>\$5,163,706</b>	<b>\$50,390,847</b>	<b>\$1,321,852</b>	<b>\$5,682,307</b>	<b>\$50,568,361</b>	<b>\$100,959,208</b>

### Agency Description

The Montana Department of Fish, Wildlife and Parks (FWP) is responsible for managing Montana's fish, wildlife, and recreational resources and providing outdoor recreational opportunities for Montanans. The department is responsible for a state park system that includes scenic, historical, cultural, and recreational resources. The operational programs are in seven divisions and seven regional field offices. The five-member FWP Commission provides policy direction on resource management, seasons, and use of department lands.

### Summary of Legislative Action

The legislature approved present law changes in HB 2 adding 4.0 FTE and increasing base expenditures by \$3.0 million over the 2003 biennium. New proposals in HB 2 increased FTE by 10.67 in fiscal 2002 and 12.67 in fiscal 2003, and increased funding by \$10.8 million over the biennium. FTE have increased by 16.67 over the fiscal 2000 level. Major budgetary issues include the following. The legislature:

- approved reductions to fund an alternative pay plan totaling \$1.7 million over the biennium. Corresponding pay raises were given to employees in addition to the statewide pay plan
- approved several new programs such as native species monitoring, wolf monitoring, sage grouse monitoring, and an increased youth magazine user base. Congress abandoned the Conservation and Reinvestment Act (CARA) as it had been considered throughout fiscal 2000. Instead, a large appropriation bill that amended the Pittman-Robertson Act of 1937 took its place. Congress passed the Commerce, Justice, State, Judiciary, and Related Agencies (CJS or CARA-lite) bill. CJS or Cara-lite provides a total of \$50.0 million allocated to state fish and wildlife agencies. Montana will receive about \$750,000 and can compete for additional grants
- approved a series of negative decision packages to fund the department's alternative pay plan. By redirecting funding in various parts of the department, the agency provided pay increases for employees totaling \$850,620 in each year of the biennium. These pay increases are in addition to pay plan increases that may be granted by the legislature
- approved \$5.6 million of legislative contract authority. This authority will allow the agency to spend federal money as it becomes available
- added \$2.8 million in authority for the block management program
- approved a 5 percent department-wide general fund reduction totaling \$42,286
- approved a 25 percent reduction in department travel. This cut affected general fund by \$36,678
- added \$0.4 million for aquatic education



**Agency Discussion****General License Account**

The General License Account is the department's single largest funding source. Table 1 provides details of the fund balance for the 2001 and 2003 biennia. Fiscal years 2002 to 2003 reflect the amount of money that is expected to be available after legislative action has been taken into account. The large decrease in fiscal 2001 is caused by the removal of \$6.5 million in unspent capital project and carry-forward appropriations. Even though the department will not spend the entire \$6.5 million in fiscal 2001, the money was not available for the 2001 legislature to appropriate.

Likewise, the full amount of the \$2.4 million capital request from this account is shown in fiscal 2002, even though expenditures will occur in later years. The actual fund balance at a given point in time will be higher. However, the legislature would not have been able to appropriate the full amount of the balance because a portion has already been committed to capital projects. Revenues are estimated to be \$29.0 million in fiscal 2002 and \$33.9 million in fiscal 2003. The projected available ending fund balance in the General License Account is estimated to be \$18.4 million at the end of fiscal 2003.

**Other Legislation**

House Bill 4 - HB 4 appropriates \$3,931,332 federal funds in fiscal 2001 for: 1) Manley Ranch phase II- \$136,699; and 2) the Thompson/Fisher project - \$3,794,633.

House Bill 5 - HB 5 appropriates money for capital projects, land acquisition, and capital improvements. The legislation also allows the department to transfer appropriations between fund types. For the 2003 biennium, the department has received appropriations for: 1) administrative facility repair and maintenance (\$0.8 million); 2) land acquisition, land leasing, easement purchase, or development agreement (\$5.4 million); 3) dam repair at Park and Bearpaw lakes (\$0.2 million); and 4) capital improvements to statewide facilities (\$14.6 million).

House Bill 99 - HB 99 repeals the termination date of the law authorizing the FWP Commission to separate nonresident deer licenses from the nonresident big game combination licenses. The separated license is sold at a reduced price. Since the department will sell nearly 800 of the reduced priced licenses, revenue is estimated to be reduced by \$82,350 each fiscal year.

House Bill 132 - HB 132 continues the allocation of 20 percent of the boat fee in lieu of tax to FWP to improve, operate, and maintain public boating facilities. The bill broadens the use of the funds by allowing operating and maintenance expenditures and requires the department to conduct a survey of fee payers to determine where the majority of boating activities take place.

House Bill 142 - HB 142 grants the FWP Commission authority to adopt rules limiting the number of nonresident mountain lion hunters in Region 1. The Commission is required to consider factors such as quota overruns, historical outfitter use, conflicts among hunter groups, and availability of public and private lands.

	Actual Fiscal 2000	Appropriated Fiscal 2001	Appropriated Fiscal 2002	Appropriated Fiscal 2003
Beginning Balance	\$27,606,108	\$26,099,890	\$18,452,425	\$16,628,268
License Revenue	21,624,953	21,937,260	22,593,379	22,760,211
Legislative Changes			2,530,723	5,048,867
Other Revenue	<u>3,057,919</u>	<u>1,548,216</u>	<u>3,850,228</u>	<u>6,061,737</u>
Total Funds Available	\$52,288,981	\$49,585,366	\$44,896,032	\$45,450,216
<u>Disbursements</u>				
Program Expenditures	\$24,354,310	\$24,779,150	\$24,561,619	\$24,437,308
Continuing Capital Costs	966,590	3,817,361	195,931	146,568
LRB Projects	659,592	2,400,171	2,399,000	0
Carry Forward Appropriations	0	136,259	0	0
Pay Plan	0	0	385,337	1,030,481
Legislative Changes			195,931	146,568
New Proposals	<u>0</u>	<u>0</u>	<u>725,877</u>	<u>1,462,027</u>
Total Disbursements	\$25,980,492	\$31,132,941	\$28,267,764	\$27,076,384
Adjustments	(208,599)			
Available Ending Balance	<u>\$26,099,890</u>	<u>\$18,452,425</u>	<u>\$16,628,268</u>	<u>\$18,373,832</u>



House Bill 185 - HB 185 clarifies that a person 17 years of age who lawfully purchases a youth combination license, but reaches the age of 18 during the license year may legally hunt or fish with the license. The bill also removes the termination date for reduced priced youth licenses. This reduces the revenue to the general license account by \$137,950 in fiscal 2003.

House Bill 186 - HB 186 appropriates \$50,000 from the general license account for the USDA-APHIS Wildlife Services Program to assist with predator control in Montana.

House Bill 292 - HB 292 created a fishing access enhancement program that provides incentives to landowners who provide access to or across private land for public fishing. Incentives include property maintenance, conservation efforts, weed control, fire protection, and monetary incentives. FWP's Fisheries Division will set up a procedure for pilot projects. Intent is to improve public fishing access through access agreements rather than fee title acquisition.

House Bill 419 - HB 419 establishes a Fish, Wildlife and Parks Enforcement Program in the Department of Justice to assist county attorneys in the prosecution of violations of fish, wildlife, and parks laws. The bill will cost the department \$41,600 general license dollars each year of the biennium. To avoid the issue that license dollars are being diverted, a memorandum of understanding with the Department of Justice will be utilized.

House Bill 451 - HB 451 revises regulations specific to hunting by persons with a disability. Included is a revision of the requirements that must be met for an individual to be allowed to receive a permit to hunt from a vehicle. The bill specifies prerequisites for vehicle hunting permits such as oxygen, wheelchair, crutch, or cane dependent, or an amputee above the wrist or ankle.

House Bill 454 - HB 454 authorizes non-transferable elk permits for landowners who enter into contractual hunting access agreements with FWP. There is no appreciable fiscal impact to the department and it is expected that any costs associated with implementing the bill will be absorbed within the department's existing budget.

House Bill 459 - HB 459 revises the Montana Environmental Policy Act and requires the department to complete economic viability studies along with environmental assessments (currently 315 across the department) to comply with the law. The additional studies will cost the department about \$72,000 state special revenue per fiscal year.

House Bill 516 - HB 516 appropriates \$32,331 in fiscal 2002 and \$32,968 in fiscal 2003 from the general license account to hire half-time employees (one student from the University of Montana and one student from Montana State University) to participate in a game warden trainee program.

House Bill 554 - HB 554 increases nonresident hunting and fishing license fees. The legislation is expected to generate additional revenue of approximately \$2.6 million in fiscal 2002 and \$4.4 million in fiscal 2003.

Senate Bill 105 - SB 105 establishes an enterprise fund to manage state park visitor services revenue. The enterprise fund will consist of money generated from the sale of educational, commemorative, and interpretive merchandise. All interest earnings must be credited to the fund.

Senate Bill 238 - SB 238 increases the license fee for a nonresident who wishes to hunt migratory game birds. The fee increases from \$5 to \$50 and is expected to generate an additional \$112,950 of state special revenue in fiscal 2003.

Senate Bill 262 - SB 262 eliminates the requirement that a person's social security number must be included on an application for a recreational license. Before the bill becomes effective, the director of the Department of Public Health and Human Services must certify to the Governor and the Secretary of State that the federal government no longer requires a social security number on an application for a recreational license.



Senate Bill 263 - SB 263 continues the funding of the heritage preservation and development program from the lodging facility use tax (accommodations tax). The department would receive \$26,000 less revenue each year due to funding of the heritage preservation and development program.

Senate Bill 285 - SB 285 creates a hunting access enhancement fee of \$2 for residents and \$10 for nonresidents. The impact to the department will be \$802,000 and 2.0 FTE annually, with the revenue generated being used to enhance the hunting access program (Block Management Program). Also, the bill increases from \$8,000 to \$12,000 the incentive amount that may be paid to individual landowners participating in the Block Management Program.

Senate Bill 286 - Current Montana statutes designate 15 sites as primitive parks and limit the development that can occur on the Headwaters of the Missouri State Park near Three Forks. It is anticipated that Headwaters State Park will be a prime destination for school groups, tour groups and others who come to Montana to retrace the Lewis and Clark route. SB 286 allows the department to make visitor facilities available to the public at a limited number of places within the park while preserving much of the park's landscape.

Senate Bill 304 - SB 304 clarifies the scope of and revises the funding criteria for the Upland Game Bird Habitat Enhancement program. The bill requires that 15 percent of available revenue be spent on the release of upland game birds and clarifies projects on which at least 24 percent of the funds earmarked for the release program are to be spent on each year. The department's existing budget will absorb costs to implement SB 304.

Senate Bill 437 - This act authorizes supplemental game damage licenses for hunters to assist landowners eligible for game damage assistance. It allows a landowner to designate up to 75 percent of the resident supplemental game damage license recipients with the remainder to be offered in a manner determined by the department. Because of a number of unknown factors, the fiscal impact to the department is unknown.

Senate Bill 492 - SB 492 increases the boat identification number application fee from \$2.50 to \$5.00. The bill would increase state special revenue and corresponding expenditures by \$223,429 in fiscal 2002 and \$227,897 in fiscal 2003. The Enforcement Division plans to expand the water safety program by 4.33 FTE plus related operating expenses and equipment.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	568.52	591.71	583.19	(8.52)	591.71	585.19	(6.52)	
Personal Services	21,719,523	24,069,940	23,936,824	(133,116)	24,220,909	24,127,496	(93,413)	(226,529)
Operating Expenses	20,005,153	22,712,974	22,064,227	(648,747)	22,579,022	22,527,069	(51,953)	(700,700)
Equipment	701,700	771,803	756,803	(15,000)	493,803	458,803	(35,000)	(50,000)
Capital Outlay	0	0	0	0	0	0	0	0
Grants	1,131,185	761,535	811,535	50,000	583,535	633,535	50,000	100,000
Benefits & Claims	6,641	6,641	6,641	0	6,641	6,641	0	0
Transfers	0	3,064,297	2,814,817	(249,480)	3,064,297	2,814,817	(249,480)	(498,960)
<b>Total Costs</b>	<b>\$43,564,202</b>	<b>\$51,387,190</b>	<b>\$50,390,847</b>	<b>(\$996,343)</b>	<b>\$50,948,207</b>	<b>\$50,568,361</b>	<b>(\$379,846)</b>	<b>(\$1,376,189)</b>
General Fund	419,466	422,865	281,818	(141,047)	422,861	281,817	(141,044)	(282,091)
State/Other Special	31,653,448	35,143,835	35,195,921	52,086	34,633,506	35,366,484	732,978	785,064
Federal Special	11,491,288	15,820,490	14,913,108	(907,382)	15,891,840	14,920,060	(971,780)	(1,879,162)
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$43,564,202</b>	<b>\$51,387,190</b>	<b>\$50,390,847</b>	<b>(\$996,343)</b>	<b>\$50,948,207</b>	<b>\$50,568,361</b>	<b>(\$379,846)</b>	<b>(\$1,376,189)</b>

### Executive Budget Comparison

The legislature decreased the total executive funding request by \$1.4 million. The major reason for the decrease was that Congress did not pass the anticipated Conservation and Reinvestment Act (CARA) as it had been considered throughout 2000, which resulted in a decrease of \$1.9 million federal special revenue over the biennium.



For the 2003 biennium, when compared to the executive request, the department's general fund is almost \$300,000 lower due to the following: 1) the legislature made a reduction in general fund each year equivalent to 25 percent of all general fund expenditures for travel in the fiscal 2000 budget base (The reduction to the general fund from the executive budget is \$18,339 in each year of the biennium.); 2) the legislature approved a department wide general fund reduction of 5 percent (This adjustment reduced the Law Enforcement Division by \$12,598, the Parks Division by \$29,418, and the Conservation Education Division \$270.); 3) a personal services reduction resulted in a decrease of \$449; and 4) \$202,678 in funding switches were made from general fund to state special revenue.

In addition to reductions, several areas increased over the executive request. The legislature approved a fixed-cost adjustment to add authority for increased data network costs. Also, the legislature allowed the funding given for Chief Plenty Coups State Park in the 2001 biennium to continue into the 2003 biennium. This decision added additional HB 2 authority of \$214,155 and allowed the department to utilize a similar amount of lodging facility use tax to be dedicated to various maintenance and construction projects at Chief Plenty Coups State Park. Overall, the department showed a net increase of \$0.8 million in state special revenue authority.

### Language

The appropriations for legislative contract authority are subject to all of the following provisions:

1. legislative contract authority applies only to federal funds;
2. legislative contract authority expenditures must be reported on the state's accounting system, and the records must be separate from present law operations. In preparing the 2005 biennium budget for legislative consideration, the Office of Budget and Program Planning may not include the expenditures from this item in the present law base; and
3. a report must be submitted by the department to the Legislative Fiscal Division following the end of each fiscal year of the biennium. The report must include a list of projects with the related amount of expenditures and FTE for each project.

The department is to report to the Natural Resources and Commerce Joint Appropriations Subcommittee on the projects funded with federal Sikes Act money and state matching money. The report is to include an analysis of the viability for continuance of the program and a list of projects funded with the money.

If the department is required to adjust personal services expenditure costs between state and federal accounts, the approving authority shall adjust the state special revenue appropriation and the federal appropriation by like amounts. All transfers between fund types must be fully explained and justified on budget documents submitted to the Office of Budgeting and Program Planning.

The department shall determine and quantify any efficiencies generated as a result of incorporating the Smith River drawing process into the automated license system and report its findings to the 2003 legislature.

Item [Law Enforcement Division; Statewide Travel Reduction] includes a reduction of general fund of \$18,339 in fiscal 2002 and \$18,339 in fiscal 2003. This reduction is the equivalent of a 25 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Parks Division] includes a reduction of \$224 general fund in fiscal 2002 and \$225 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Item [Department Management Division] includes a total of \$138,780 for the 2003 biennium for the Montana Natural Resources Information System. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.



**Legislative Intent**

It is the intent of the legislature to allow the department to utilize 2.0 FTE from the Net Client Hunting Program in the Block Management Program if they are not needed due to a lack of net client hunting use applications.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	54.82	0.00	1.50	56.32	0.00	1.50	56.32	56.32
Personal Services	1,916,860	308,966	66,583	2,292,409	323,305	66,683	2,306,848	4,599,257
Operating Expenses	5,656,513	(1,020,089)	12,000	4,648,424	(1,073,088)	7,000	4,590,425	9,238,849
Equipment	49,100	(34,100)	0	15,000	(34,100)	0	15,000	30,000
Transfers	0	0	75,000	75,000	0	75,000	75,000	150,000
<b>Total Costs</b>	<b>\$7,622,473</b>	<b>(\$745,223)</b>	<b>\$153,583</b>	<b>\$7,030,833</b>	<b>(\$783,883)</b>	<b>\$148,683</b>	<b>\$6,987,273</b>	<b>\$14,018,106</b>
State/Other Special	5,598,691	126,809	19,646	5,745,146	98,615	18,420	5,715,726	11,460,872
Federal Special	2,023,782	(872,032)	133,937	1,285,687	(882,498)	130,263	1,271,547	2,557,234
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$7,622,473</b>	<b>(\$745,223)</b>	<b>\$153,583</b>	<b>\$7,030,833</b>	<b>(\$783,883)</b>	<b>\$148,683</b>	<b>\$6,987,273</b>	<b>\$14,018,106</b>

### Program Description

The Administration and Finance Division provides department-wide support for accounting, fiscal management, purchasing and property management, personnel, and federal aid administration. Additionally, the division provides information technology services to the agency, and administers the sale of hunting, fishing, and other recreational licenses.

### Funding

The Administration and Finance Division operating budget is funded from the General License Account, with a portion of the indirect cost assessments coming from federal grants and non-federal accounts. The Management and Field Services Divisions are also funded from these same indirect cost assessments. The rate for the 2003 biennium from non-federal funds is 10.7 percent for operational expenditures and 4.6 percent for capital expenditures. These assessments are handled as a non-budgeted transfer to the General License Account, from which all expenses are paid. The federal rate of 16.0 percent is applied to federal grants, which include Pittman-Robertson and Wallop-Breaux funds, and Corps of Engineers and U.S. Coast Guard grants. Legislative contract authority is funded with federal funds at \$75,000 each year. Table 2 details the funding for the Administration and Finance Division.

Table 2 Fish, Wildlife, and Parks Admin and Finance Division						
	Actual FY 2000	Percent Of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
Mountain Sheep Account	\$9,501		\$30,001		\$30,001	
Moose Auction	1,100		1,100		1,100	
General License	<u>5,588,090</u>		<u>5,714,045</u>		<u>5,684,625</u>	
Subtotal -- State Special Revenue	\$5,598,691	73.45%	\$5,745,146	81.71%	\$5,715,726	81.80%
Dingle-Johnson/Pittman Robertson	\$1,476,874		\$633,689		\$622,743	
Overhead	546,908		629,128		628,126	
CARA	<u>0</u>		<u>22,870</u>		<u>20,678</u>	
Subtotal -- Federal	\$2,023,782	26.55%	\$1,285,687	18.29%	\$1,271,547	18.20%
<b>Total Funding</b>	<b><u>\$7,622,473</u></b>	<b>100.00%</b>	<b><u>\$7,030,833</u></b>	<b>100.00%</b>	<b><u>\$6,987,273</u></b>	<b>100.00%</b>



Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				389,926					404,864
Vacancy Savings				(63,150)					(63,598)
Inflation/Deflation				(9,712)					(9,477)
Fixed Costs				225,361					167,244
<b>Total Statewide Present Law Adjustments</b>				<b>\$542,425</b>					<b>\$499,033</b>
DP 104 - Periodic Property Inventory	0.00	0	0	0	0.00	0	5,500	0	5,500
DP 105 - Phased-in License Preference System	0.00	0	170,333	0	0.00	0	169,913	0	169,913
DP 106 - Computer Replacement Appropriation	0.00	0	(194,455)	0	0.00	0	(194,455)	0	(194,455)
DP 108 - Commissions for Sale of Hunting License	0.00	0	20,500	0	0.00	0	20,500	0	20,500
DP 109 - Biennial Approp Adjustment - Automated License Sys	0.00	0	(386,935)	(855,273)	0.00	0	(386,935)	(855,273)	(1,242,208)
DP 113 - Smith River Permits	0.00	0	13,500	0	0.00	0	13,500	0	13,500
DP 114 - Seasonal Overtime	0.00	0	11,971	0	0.00	0	11,971	0	11,971
DP 115 - Alternative Pay Plan Adjustment	0.00	0	(50,000)	0	0.00	0	(50,000)	0	(50,000)
DP 117 - Fixed Cost Adjustment	0.00	0	0	41,322	0.00	0	0	41,322	41,322
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(3,013)	0	0.00	0	(3,121)	0	(3,121)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	(25,817)	0	0.00	0	(25,906)	0	(25,906)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(22,633)	(7,148)	0.00	0	(22,748)	(7,184)	(29,932)
<b>Total Other Present Law Adjustments</b>				<b>(\$1,287,648)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$461,781)</b>	<b>(\$821,135)</b>	<b>(\$1,282,916)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>(\$745,223)</b>					<b>(\$783,883)</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 104 - Periodic Property Inventory - The legislature approved authority to conduct a department-wide physical inventory in the second year of the biennium. The department is required by state policy to conduct a biennial department-wide physical inventory. The adjustment is requested because the inventory takes place during the second year of the biennium and expenditures are not reflected in the base.

DP 105 - Phased-in License Preference System - The legislature approved authority to restore previous funding levels to the base. The 1999 legislature passed SB 59 authorizing FWP to create a license preference system. The program was not fully implemented during fiscal 2000.

DP 106 - Computer Replacement Appropriation - The legislature approved authority that will allow the department to replace existing desktop computer network equipment and would restore the biennial computer budget to the level of fiscal 2000 and fiscal 2001 funding. During fiscal 2000, \$394,955 of the \$401,000 biennial appropriation was spent to maintain the department's computer network throughout the state. The department is requesting a similar amount for fiscal 2003 on an annual appropriation basis. In accordance with state policy, the request provides for a four-year replacement schedule on networked desktop computers.



DP 108 - Commissions for Sale of Hunting License - The legislature approved authority to hire a conservation organization to auction a bighorn sheep license. This funding would restore budget authority to fiscal 2000 levels. Accounting standards require the department to record the 10 percent commission earned from the sale of licenses as an expenditure in the state's accounting records.

DP 109 - Biennial Approp Adjustment - Automated License Sys - The legislature approved a proposal to convert a biennial Automated Licensing System appropriation into an annual appropriation. The 1997 legislature authorized FWP to replace the manual system - by which 1.5 million licenses were handwritten - with a new electronic system. In the 24 months following the date the system comes on-line (anticipated to be October 1, 2001), license drawings and other internal systems will be added.

DP 113 - Smith River Permits - The legislature approved authority to centralize the Smith River permit drawing process. Permit drawings are currently handled in the Great Falls office by existing staff. Demand for the permit has increased, resulting in 4,500 applications. Centralized drawings will assure proper internal controls and accuracy of the draw.

DP 114 - Seasonal Overtime - The legislature approved funding to maintain current budget levels for overtime. Overtime is used in lieu of adding more staff during peak workload periods in the areas of licensing, payroll, fiscal year end, and budget preparation.

DP 115 - Alternative Pay Plan Adjustment - The legislature approved a reduction to fund the alternative pay plan. In order to meet this division's part of the redirection efforts, personal computer support and maintenance costs were reduced.

DP 117 - Fixed Cost Adjustment - The legislature approved authority to add 21 data lines and pay a printer connection charge imposed by the Department of Administration

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 102 - FWP Internet Site										
01	1.00	0	12,023	36,067	48,090	1.00	0	11,528	34,585	46,113
DP 103 - CARA Implementation										
01	0.50	0	7,623	22,870	30,493	0.50	0	6,892	20,678	27,570
DP 110 - Legislative Contract Authority										
01	0.00	0	0	75,000	75,000	0.00	0	0	75,000	75,000
<b>Total</b>	<b>1.50</b>	<b>\$0</b>	<b>\$19,646</b>	<b>\$133,937</b>	<b>\$153,583</b>	<b>1.50</b>	<b>\$0</b>	<b>\$18,420</b>	<b>\$130,263</b>	<b>\$148,683</b>

### New Proposals

DP 102 - FWP Internet Site - The legislature approved authority to provide more information to the public through the Internet. The current site will be updated more frequently, better organized, and would include new material such as mapping requested by the public. Some of the new material will include information on whirling disease, drought, wildfires, maps, and hunter access.

DP 103 - CARA Implementation - The legislature approved funding for administration of CARA-lite federal funding, interpretation of program requirements, and ensuring project eligibility and compliance with federal rules.

DP 110 - Legislative Contract Authority - The legislature approved a one-time-only, restricted appropriation for legislative contract authority to provide accounting, budgeting, personnel, and word processing support for federal and private contracts.

### Language

The department shall determine and quantify any efficiencies generated as a result of incorporating the Smith River drawing process into the automated license system and report its findings to the 2003 legislature.

Item [Legislative Contract Authority (LCA)] is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in [this act] and must be requested as a new proposal to be continued into the 2003 biennium. LCA applies only to federal funds.

### Proprietary Rates

#### Program Description

##### *Duplicating Center*

The department's duplicating center provides duplicating and bindery services to the department. This duplicating center has 1.00 FTE and whenever the demand for services becomes too great, the excess is taken to Publications and Graphics.

##### *Equipment Enterprise Fund*

The department's equipment fund provides a fleet of vehicles and aircraft for use by department employees. The equipment users include department employees, mostly enforcement wardens, fish and wildlife biologists, and park employees. Every month, users are charged for the miles driven (hours flown) during the previous month.

##### *Warehouse Inventory*

The department's warehouse primarily contains uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department, such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

**Revenues and Expenses***Duplicating Center: Revenues and Expenses*

Expenses recovered in the rates include the personal services of the 1.0 FTE, operating expenses, and the raw materials needed for duplicating.

Rates have been adjusted based upon the cash balance in the account. Prior to requesting new rates, a review of the cash balance is done. At fiscal year end 2000, the cash balance was \$14,323, a one-day reserve as based on fiscal 2000 expenses.

*Equipment: Revenues and Expenses*

The objective of the vehicle account is to recover (through rates and annual auction revenues) sufficient funds to cover administrative costs necessary to operate the program (personal services and operations) and to replace fleet vehicles at approximately 100,000 miles. A total of 2.06 FTE are funded from this revenue.

*Cash Flow*

Divisions are billed monthly for the miles driven (hours flown) during the previous month. Cash balances fluctuate during the year for two reasons. The first reason is that monthly mileage is greater during the summer and fall than during the winter and spring. The second reason is that new vehicles are purchased in the spring. Thus, cash balances are normally highest in December after hunting season and lowest in the spring after purchasing the new vehicles. Fiscal year-end balances tend to be significantly higher than spring balances.

*Warehouse Inventory: Revenues and Expenses*

The expenses associated with the warehouse include miscellaneous office supplies and expenses relative to funding the warehouse worker and inventory purchased to replenish existing stock.

**Rate Explanation***Duplicating Center Rate Explanation*

The rate methodology attempts to determine a rate for various duplicating and bindery services that allows the fund to recover the costs of the raw materials and all associated personal services and operating costs.

## Duplicating Services Proprietary Account Rates

	FY 2002	FY 2003
<b>Duplicating</b>		
Number of copies (includes paper)		
1-20	\$0.045	\$0.050
21-100	\$0.030	\$0.035
101-1000	\$0.025	\$0.030
1001-5000	\$0.020	\$0.025
<b>Bindery</b>		
Collating (per sheet)	\$0.005	\$0.005
Hand Stapling (per set)	\$0.015	\$0.015
Saddle stitch (per set)	\$0.030	\$0.030
Folding (per sheet)	\$0.005	\$0.005
Punching (per sheet)	\$0.001	\$0.001
Cutting (per minute)	\$0.550	\$0.550

*Equipment Rate Explanation*

The rate methodology attempts to determine a cost/mile rate for various classes of vehicles and a cost/hour rate for each class of aircraft. The methodology used to establish the net income for a particular class includes first determining the



previous year's expenses, including operating, maintenance, administration, and depreciation expenses, then deducting revenues generated from the rates and the annual vehicle auction. This establishes the net income for a particular class.

#### Fish, Wildlife & Parks Vehicle and Aircraft Proprietary Rates

Per Mile Rates		FY 2002	FY 2003
Class	Description		
101	Sedans	\$0.20	\$0.24
303	Suburbans - 4x4	\$0.33	\$0.35
401	Vans 1/2 Ton	\$0.18	\$0.21
402	Vans 1/2 Ton Window	\$0.27	\$0.32
501	Pickup 1/2 Ton 2x4	\$0.33	\$0.34
505	Pickup 3/4 Ton 4x4 V8	\$0.20	\$0.22
507	Grounds Maintenance	\$0.75	\$0.85
518	Bronco 4x4	\$0.24	\$0.28
519	Pickup 1/2 Ton 4x4	\$0.27	\$0.34
520	Pickup 3/4 Ton 4x4 HD	\$0.30	\$0.35
521	Pickup 3/4 Ton 4x4 HD XC	\$0.35	\$0.38
532	Pickup 1 Ton 4x4	\$0.33	\$0.37
533	Pickup 3/4 Ton 4x4 MD	\$0.24	\$0.27
534	Pickup 3/4 Ton 4x4 MD XC	\$0.29	\$0.33
535	Pickup 1/2 Ton 4x4 LD XC	\$0.29	\$0.33
Per Hour Rates			
2001	Two-place Single Engine	\$ 54.02	\$ 56.72
2002	Partnavia	\$257.24	\$270.10
2003	Turbine Helicopters	\$313.58	\$329.26

In addition to the regular rates, vehicles will be assessed a minimum overhead charge if not driven a minimum number of miles.

#### *Warehouse Inventory Rate Explanation*

The legislature approved a 14 percent fixed overhead rate for fiscal 2002 and fiscal 2003. The rate is calculated by estimating the support costs to run and maintain the warehouse function, and includes office supplies and other miscellaneous office costs. Based on estimated warehouse sales, a fixed overhead percentage is determined that allows the department to recover warehouse support costs.

#### **Significant Present Law**

##### *Equipment present law explanation*

Each year, department employees drive over 4.0 million miles in department owned vehicles. The department currently has a fleet of over 400 vehicles, which are mainly used by enforcement officers, fish and wildlife biologists, and parks employees. The legislature approved replacement of 41 vehicles in both fiscal 2002 and fiscal 2003. This is based on replacing vehicles after a minimum of 100,000 miles. This replacement schedule does not require a present law adjustment.

Routine scheduled maintenance is required for department aircraft to be approved for flight. In the upcoming biennium, the Hughes helicopter needs replacement of the main rotor transmission, tail rotor transmission, main rotor blade, and bleed valve; and overhaul of turbine and hot end. Costs will be \$113,000 in fiscal 2002 and \$60,000 in fiscal 2003. The Supercub is scheduled for an engine overhaul in fiscal 2003 at a cost of \$25,000. These aircraft are used principally for wildlife surveys. These costs have been factored into the aircraft rates for fiscal years 2002 and 2003.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	45.31	3.00	(2.00)	46.31	3.00	0.00	48.31	48.31
Personal Services	1,520,746	261,240	43,380	1,825,366	272,340	84,644	1,877,730	3,703,096
Operating Expenses	3,974,216	1,554,449	10,090	5,538,755	1,533,049	770,826	6,278,091	11,816,846
Equipment	8,500	0	0	8,500	0	0	8,500	17,000
Grants	12,000	0	0	12,000	0	0	12,000	24,000
Benefits & Claims	6,641	0	0	6,641	0	0	6,641	13,282
Transfers	0	0	60,000	60,000	0	60,000	60,000	120,000
<b>Total Costs</b>	<b>\$5,522,103</b>	<b>\$1,815,689</b>	<b>\$113,470</b>	<b>\$7,451,262</b>	<b>\$1,805,389</b>	<b>\$915,470</b>	<b>\$8,242,962</b>	<b>\$15,694,224</b>
State/Other Special	4,843,842	1,769,250	53,470	6,666,562	1,754,162	855,470	7,453,474	14,120,036
Federal Special	678,261	46,439	60,000	784,700	51,227	60,000	789,488	1,574,188
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$5,522,103</b>	<b>\$1,815,689</b>	<b>\$113,470</b>	<b>\$7,451,262</b>	<b>\$1,805,389</b>	<b>\$915,470</b>	<b>\$8,242,962</b>	<b>\$15,694,224</b>

### Program Description

The Field Services Division provides services in five areas. The Landowner Sportsman Relations and Block Management program establishes and maintains communications with user and resource-based organizations and individuals; administers the Livestock Loss Reimbursement program; and administers the Block Management program, which provides recreational access on private property. The Game Damage program provides assistance to landowners in minimizing impacts of game animals to property and crops. The Design and Construction Bureau provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas. The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department. The Land Unit is responsible for the real estate functions of the department, including conservation easements, acquisition and disposal of real estate and real property, and management of all permanent land records.

### Funding

The Field Services Division's primary state special funding sources are from a portion of variable-priced hunting license sales and the General License Account. Lesser amounts come from Coal Tax Trust interest and Wildlife Habitat Trust interest. Federal funds consist of Pittman-Robertson (PR) as well as this division's share of the indirect cost assessments on federal grants and non-federal accounts. The proposed rate for fiscal years 2002 and 2003 from non-federal funds is 8.8 percent for operational expenditures and 4.5 percent for capital expenditures. These assessments are handled as a non-budgeted transfer to the General License Account, from which all expenses are paid. The federal overhead rate of 16 percent is applied to federal grants, which include Pittman-Robertson funds. Table 3 details the funding for the Field Services Division.



Table 3  
Fish, Wildlife, and Parks  
Field Services Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
Market Based Combo Sales	\$2,934,737		\$4,518,825		\$4,539,043	
Coal Tax Trust Account	37,400		15,038		16,287	
General License	1,844,421		2,099,782		2,863,671	
Habitat Trust Interest	27,284		32,917		34,473	
Subtotal -- State Special Revenue	\$4,843,842	87.72%	\$6,666,562	89.47%	\$7,453,474	90.42%
Dingle-Johnson/Pittman Robertson	\$435,316		\$459,075		\$464,373	
Fish and Game	0		60,000		60,000	
Overhead	242,945		265,625		265,115	
Subtotal -- Federal	\$678,261	12.28%	\$784,700	10.53%	\$789,488	9.58%
Total Funding	\$5,522,103	100.00%	\$7,451,262	100.00%	\$8,242,962	100.00%

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				274,077						285,443
Vacancy Savings				(49,065)						(49,407)
Inflation/Deflation				24,018						37,180
Fixed Costs				7,168						9,075
<b>Total Statewide Present Law Adjustments</b>				<b>\$256,198</b>						<b>\$282,291</b>
DP 201 - Analyze Net Client Hunter Use	0.00	0	15,644	0	15,644	0.00	0	15,644	0	15,644
DP 204 - FWP Land Leases	0.00	0	26,440	0	26,440	0.00	0	26,940	0	26,940
DP 206 - Taxes and Assessments	0.00	0	(3,698)	10,699	7,001	0.00	0	8,182	15,997	24,179
DP 207 - UGB Fees for Increased Block Management	0.00	0	441,913	0	441,913	0.00	0	441,913	0	441,913
DP 208 - Crossing the Barriers	0.00	0	7,220	0	7,220	0.00	0	7,220	0	7,220
DP 209 - Public Wildlife Interface	0.00	0	57,045	0	57,045	0.00	0	(7,955)	0	(7,955)
DP 212 - Engineer Intern and Operations	0.00	0	10,000	0	10,000	0.00	0	6,000	0	6,000
DP 213 - Alternative Pay Plan	0.00	0	(39,185)	0	(39,185)	0.00	0	(39,185)	0	(39,185)
DP 214 - Game Damage	0.00	0	31,042	0	31,042	0.00	0	31,042	0	31,042
DP 215 - Block Management Funding	3.00	0	1,000,000	0	1,000,000	3.00	0	1,000,000	0	1,000,000
DP 216 - Travel Adjustment for Field Services	0.00	0	28,203	0	28,203	0.00	0	43,253	0	43,253
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	(1,246)	(818)	(2,064)	0.00	0	(1,249)	(821)	(2,070)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(21,848)	(1,920)	(23,768)	0.00	0	(21,954)	(1,929)	(23,883)
<b>Total Other Present Law Adjustments</b>	<b>3.00</b>	<b>\$0</b>	<b>\$1,551,530</b>	<b>\$7,961</b>	<b>\$1,559,491</b>	<b>3.00</b>	<b>\$0</b>	<b>\$1,509,851</b>	<b>\$13,247</b>	<b>\$1,523,098</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$1,815,689</b>					<b>\$1,805,389</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 201 - Analyze Net Client Hunter Use - The legislature approved funding to calculate the impacts of net client hunting use as required by SB 334 enacted by the 1999 legislature. The department has not received any applications for increases in net client hunting by the Board of Outfitters. The FTE remain unfilled and no funding has been expended.

DP 204 - FWP Land Leases - The legislature granted authority to fund increases in lease rates for approximately 45,000 acres of land that FWP leases from DNRC. DNRC has increased the lease rate on several pieces of property. DNRC is also increasing rates on School Trust Lands leased by FWP for wildlife management areas and fishing access sites.

DP 206 - Taxes and Assessments - The legislature approved authority to cover increases in taxes and assessments paid on FWP wildlife management areas, state parks, fishing access sites, and other department-owned lands. A final pay-off on a large special improvement district at Lake Elmo in Billings, plus an assumption of a 5 percent increase in each year of the biennium, has been granted.

DP 207 - UGB Fees for Increased Block Management - The legislature approved funding to establish spending authority for the Block Management Program to spend revenue generated by upland game bird license sales. The 1999 legislature enacted SB 338, which increased license fees on nonresident upland bird hunters and directed the increase to the Block Management Program. Since revenue from the new fees was not realized until September 2000, no money could be expended during the base budget year. Revenues will be used to sign up additional landowners in the Block Management Program.

DP 208 - Crossing the Barriers - The legislature approved funding to address requirements of the Americans with Disabilities Act (ADA). The funding would be used to pay consultants' fees, to ensure that FWP meets ADA requirements in its capital program, establish and maintain a web page atlas of ADA accessibility levels on FWP sites, conduct training, and print and distribute information related to hunting licenses for disabled hunters.

DP 209 - Public Wildlife Interface - The legislature approved a technical adjustment required by the state budget system (MBARS) in order to carry the division's existing biennial appropriation for Public Wildlife Interface into fiscal years 2002 and 2003. No change from the previously-approved base budget was made.

DP 212 - Engineer Intern and Operations - The legislature approved funding to address engineer staff issues. The authority will provide funding to hire a summer engineering intern to backfill for military leave taken by two of the Design and Construction Bureau's project managers, who routinely take military leave for part of the summer. The authority will also provide funding for new engineering software, a digital video camera, and a scanner.

DP 213 - Alternative Pay Plan - The legislature approved a request for a present law base adjustment to fund the department's alternative pay plan.

DP 214 - Game Damage - The legislature approved funding to restore full funding to the Game Damage Program. The full amount of expenditures were not made in the base year as a result of a mild winter.

DP 215 - Block Management Funding - The legislature approved authority to expend funds generated by the variable priced big game hunters' license. Under 87-1-266, MCA, the FWP Commission is required to set the price for outfitter sponsored, variable priced big game hunting licenses on an annual basis. The price is to be set at a "market" rate, which ensures that an average of 7,800 licenses are sold annually. For the next biennium, these licenses are expected to generate nearly \$1 million in new revenue. Under this authority, the funding will be spent to improve and expand the Block Management Program and to enroll new lands and landowners. An additional 3.0 FTE will be added to manage hunting access and patrol block management areas in the field.

DP 216 - Travel Adjustment for Field Services - The legislature approved funding to use in managing a fleet of vehicles and aircraft for department use. In order to comply with the legislative audit recommendations to keep rates



commensurate with costs and spend down existing cash balances, the vehicle rates have remained low. Thus, the funding will be used to restore the budget to anticipated levels of spending.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals											
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003				Total Funds
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds	
DP 205 - Public Land Access Coordinator											
02	1.00	0	53,470	0	53,470	1.00	0	53,470	0	53,470	
DP 211 - Legislative Contract Authority											
02	0.00	0	0	60,000	60,000	0.00	0	0	60,000	60,000	
DP 217 - SB 285 Revise Conservation License Laws											
02	0.00	0	0	0	0	2.00	0	802,000	0	802,000	
DP 689 - FTE Reduction											
02	(3.00)	0	0	0	0	(3.00)	0	0	0	0	
<b>Total</b>	<b>(2.00)</b>	<b>\$0</b>	<b>\$53,470</b>	<b>\$60,000</b>	<b>\$113,470</b>	<b>0.00</b>	<b>\$0</b>	<b>\$855,470</b>	<b>\$60,000</b>	<b>\$915,470</b>	

### New Proposals

DP 205 - Public Land Access Coordinator - The legislature approved authority to fund the Public Land Access Coordinator position established as a one-time appropriation by the 1999 legislature. This authority will make the FTE permanent. This FTE is responsible for improving hunter access to legally-accessible public lands by identifying areas where legal public access is available but unmarked.

DP 211 - Legislative Contract Authority - The legislature approved legislative contract authority as a one-time-only, restricted appropriation to expend unanticipated federal funds received throughout the 2003 biennium.

DP 217 - SB 285 Revise Conservation License Laws - The legislature approved a one-time-only appropriation to implement SB 285. SB 285 increases hunting license fees on residents by \$2 and some nonresidents by \$10 and earmarks the \$802,000 of revenue generated to the Block Management Program. The additional funding for the program will be allocated in accordance with the recommendations of the PL/PW Council, which are: 1) improve public access to public lands; 2) increase the size (acres and number of cooperators) of Block Management; 3) improve services to landowners and hunters; 4) increase the current incentives cap from \$8,000-\$12,000; and 5) improve access for upland bird hunters. In addition, per the requirements of SB 326, funding will be used as an incentive for weed management. The appropriation includes funding for 2.0 FTE.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

### Language

Item [LCA] is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in [this act] and must be requested as a new proposal to be continued into the 2003 biennium. LCA applies only to federal funds.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	108.23	0.00	4.00	112.23	0.00	4.00	112.23	112.23
Personal Services	4,207,215	264,385	130,767	4,602,367	293,023	131,218	4,631,456	9,233,823
Operating Expenses	2,285,070	82,973	111,946	2,479,989	90,528	111,495	2,487,093	4,967,082
Equipment	57,225	73,867	0	131,092	73,867	0	131,092	262,184
Capital Outlay	0	0	0	0	0	0	0	0
Grants	21,243	0	0	21,243	0	0	21,243	42,486
Transfers	0	0	1,851,019	1,851,019	0	1,851,019	1,851,019	3,702,038
<b>Total Costs</b>	<b>\$6,570,753</b>	<b>\$421,225</b>	<b>\$2,093,732</b>	<b>\$9,085,710</b>	<b>\$457,418</b>	<b>\$2,093,732</b>	<b>\$9,121,903</b>	<b>\$18,207,613</b>
State/Other Special	3,152,488	129,558	106,314	3,388,360	152,616	106,314	3,411,418	6,799,778
Federal Special	3,418,265	291,667	1,987,418	5,697,350	304,802	1,987,418	5,710,485	11,407,835
<b>Total Funds</b>	<b>\$6,570,753</b>	<b>\$421,225</b>	<b>\$2,093,732</b>	<b>\$9,085,710</b>	<b>\$457,418</b>	<b>\$2,093,732</b>	<b>\$9,121,903</b>	<b>\$18,207,613</b>

### Program Description

The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program:

1. operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited;
2. regulates angler harvests;
3. monitors fish populations; and
4. provides and maintains adequate public access.

### Funding

The Fisheries Division's primary funding source is the General License Account with minor amounts contributed by the sale of paddlefish roe. Federal funds are from Wallop-Breaux funds, Corps of Engineers grants, and overhead contributions collected from other divisions in the department. Legislative contract authority is funded at \$1.9 million with revenue from miscellaneous federal sources. Table 4 shows funding details for the fisheries division.

Table 4  
Fish, Wildlife, and Parks  
Fisheries Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
Hard Rock Mining	(\$2)		\$0		\$0	
Paddlefish Roe Account	62,000		25,000		25,000	
General License	<u>3,090,490</u>		<u>3,363,360</u>		<u>3,386,418</u>	
Subtotal -- State Special Revenue	\$3,152,488	47.98%	\$3,388,360	37.29%	\$3,411,418	37.40%
Dingle-Johnson/Pittman Robertson	\$3,258,931		\$3,660,443		\$3,673,588	
Fish and Game	<u>159,334</u>		<u>2,036,907</u>		<u>2,036,897</u>	
Subtotal -- Federal	\$3,418,265	52.02%	\$5,697,350	62.71%	\$5,710,485	62.60%
<b>Total Funding</b>	<b><u>\$6,570,753</u></b>	<b>100.00%</b>	<b><u>\$9,085,710</u></b>	<b>100.00%</b>	<b><u>\$9,121,903</u></b>	<b>100.00%</b>



Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				445,986					475,820
Vacancy Savings				(127,807)					(128,703)
Inflation/Deflation				44,122					60,309
Fixed Costs				4,811					6,356
<b>Total Statewide Present Law Adjustments</b>				<b>\$367,112</b>					<b>\$413,782</b>
DP 304 - Equipment Replacement									
0.00	0	19,726	59,178	78,904	0.00	0	19,726	59,178	78,904
DP 305 - Angler Survey Cyclical Adjustments									
0.00	0	0	0	0	0.00	0	(9,000)	(21,000)	(30,000)
DP 307 - Alternative Pay Plan Adjustment									
0.00	0	(36,612)	(85,425)	(122,037)	0.00	0	(36,612)	(85,425)	(122,037)
DP 308 - Restore Base Budget									
0.00	0	20,151	47,019	67,170	0.00	0	20,151	47,019	67,170
DP 309 - Murray Springs Hatchery Adjustment									
0.00	0	0	46,800	46,800	0.00	0	0	46,800	46,800
DP 310 - Overtime Adjustment									
0.00	0	1,485	3,465	4,950	0.00	0	1,485	3,465	4,950
DP 311 - Travel Adjustment for Fisheries									
0.00	0	18,535	18,535	37,070	0.00	0	28,446	28,447	56,893
DP 699 - Vacancy Savings at 4 Percent									
0.00	0	(25,721)	(33,023)	(58,744)	0.00	0	(25,850)	(33,194)	(59,044)
<b>Total Other Present Law Adjustments</b>									
0.00	\$0	(\$2,436)	\$56,549	\$54,113	0.00	\$0	(\$1,654)	\$45,290	\$43,636
<b>Grand Total All Present Law Adjustments</b>				<b>\$421,225</b>					<b>\$457,418</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 304 - Equipment Replacement - The legislature approved funding to replace fisheries equipment and hatchery trucks. The authority will be used to purchase two hatchery distribution trucks and one replacement fish tank.

DP 305 - Angler Survey Cyclical Adjustments - The legislature approved funding to adjust for a reduced workload in the second year of the biennium. The Angler Survey Program budget varies from year to year because the survey is conducted on a fishing license year (March - February) rather than a fiscal- or calendar-year schedule. The bulk of the survey work is done the first year and the analysis the second year of the biennium.

DP 307 - Alternative Pay Plan Adjustment - The legislature approved a reduction to the fisheries budget to invoke the redirection of operations dollars to fund the department's alternative pay plan for the Fisheries Program. FWP adopted an alternative pay plan late in fiscal 2000 to pay market rates to FWP employees, and to develop competency-based pay and other special compensation features. Fisheries Division funds were redirected from creel, hatchery, whirling disease, and field operations and equipment.

DP 308 - Restore Base Budget - The legislature approved funding to restore the operations base budget lost due to an accounting error. An accounting error occurred while processing the fiscal year-end documents. Consequently, the Fisheries Division personal services budget was not fully expended. The accounting error resulted in the unnecessary transfer of an additional \$67,170 from fisheries operations to personal services. This resulted in under-spending the operations budget.

DP 309 - Murray Springs Hatchery Adjustment - The legislature approved funding to increase the Murray Springs Hatchery funding for additional program development, maintenance, and equipment. Funding will be fully reimbursed by the Corps of Engineers.

DP 310 - Overtime Adjustment - The legislature approved an increase to restore funding spent in the Fisheries Division on overtime.

DP 311 - Travel Adjustment for Fisheries - The legislature approved funding to adjust vehicle travel costs due to inflationary and rate increases for FWP's internal fleet of vehicles. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates is used to maintain the department's fleet and replace existing vehicles as needed.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals		Fiscal 2002					Fiscal 2003				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 301 - Fishing Access Assistance Program											
03	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000	
DP 302 - Recreation Conflict Coordinator											
03	1.00	0	15,874	37,039	52,913	1.00	0	15,874	37,039	52,913	
DP 303 - Statewide Fish Technician Support											
03	3.00	0	32,940	76,860	109,800	3.00	0	32,940	76,860	109,800	
DP 306 - Legislative Contract Authority											
03	0.00	0	0	1,851,019	1,851,019	0.00	0	0	1,851,019	1,851,019	
DP 313 - Echo Lake Fish Planting											
03	0.00	0	7,500	22,500	30,000	0.00	0	7,500	22,500	30,000	
DP 689 - FTE Reduction											
03	0.00	0	0	0	0	0.00	0	0	0	0	
Total	4.00	\$0	\$106,314	\$1,987,418	\$2,093,732	4.00	\$0	\$106,314	\$1,987,418	\$2,093,732	

### New Proposals

DP 301 - Fishing Access Assistance Program - This legislature approved a one-time-only, restricted appropriation to fund a new program that would provide assistance at non-FWP sites that provide public fishing access. Private access is being lost as conflicts prompt owners to exclude the public. Funding will be used by regions to contract with individuals who would patrol private sites for litter, conduct minor maintenance, and make contact with anglers and landowners.

DP 302 - Recreation Conflict Coordinator - The legislature approved a new program to carry out recreation management plans in an effort to reduce user conflicts on popular bodies of water. The authority will fund 1.0 FTE at a grade 15 level, who would coordinate recreation management statewide. This is approved as a one-time-only (OTO) expenditure for the 2003 biennium.

DP 303 - Statewide Fish Technician Support - The legislature approved funding to assist biologists with their field sampling, data entry, and other standard tasks related to collecting fisheries information. The authority will fund 3.0 FTE grade 11, Fish/Wildlife Technicians and provide for operations support to be used where the most critical shortages exist.

DP 306 - Legislative Contract Authority - The legislature granted a one-time-only, restricted appropriation for legislative contract authority (LCA) to spend federal funds on federally sponsored projects. The LCA spending authority is equivalent to all of the federal contractual obligations incurred by the fisheries division in fiscal 1998. This LCA budget will create spending authority for federally sponsored projects by such agencies as the USDA Forest Service (FS), U.S. Fish and Wildlife Service (FWS), Bonneville Power Administration (BPA), U.S. Army Corps of Engineers (COE), and



Bureau of Reclamation (BOR). FWP conducts fisheries investigations and aquatic restoration projects that provide mutual benefits to Montana as well as the federal agencies.

DP 313 - Echo Lake Fish Planting - The legislature approved a one-time-only appropriation to plant fish in Echo lake. The amendment appropriates \$30,000 in fiscal 2002 and \$30,000 fiscal 2003. Funding is 1/4 state special revenue and 3/4 federal revenue.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

#### **Language**

Item [LCA] is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in [this act] and must be requested as a new proposal to be continued into the 2003 biennium. LCA applies only to federal funds.

Item [Equipment Replacement] included \$19,726 in state special revenue funds each fiscal year and \$59,178 in federal special revenue funds each fiscal year that are restricted to equipment purchases in the Fisheries Division and payouts of leave accruals because of retirements in the Fisheries Division.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	102.43	0.00	0.00	102.43	0.00	0.00	102.43	102.43
Personal Services	4,443,796	219,485	0	4,663,281	247,357	0	4,691,153	9,354,434
Operating Expenses	1,497,522	133,537	16,962	1,648,021	87,471	16,962	1,601,955	3,249,976
Equipment	126,964	(52,000)	0	74,964	(52,000)	0	74,964	149,928
Capital Outlay	0	0	0	0	0	0	0	0
Grants	11,496	0	0	11,496	0	0	11,496	22,992
Transfers	0	0	10,000	10,000	0	10,000	10,000	20,000
<b>Total Costs</b>	<b>\$6,079,778</b>	<b>\$301,022</b>	<b>\$26,962</b>	<b>\$6,407,762</b>	<b>\$282,828</b>	<b>\$26,962</b>	<b>\$6,389,568</b>	<b>\$12,797,330</b>
General Fund	132,693	(6,714)	(125,979)	0	(6,718)	(125,975)	0	0
State/Other Special	5,717,358	260,461	142,941	6,120,760	239,123	142,937	6,099,418	12,220,178
Federal Special	229,727	47,275	10,000	287,002	50,423	10,000	290,150	577,152
<b>Total Funds</b>	<b>\$6,079,778</b>	<b>\$301,022</b>	<b>\$26,962</b>	<b>\$6,407,762</b>	<b>\$282,828</b>	<b>\$26,962</b>	<b>\$6,389,568</b>	<b>\$12,797,330</b>

### Program Description

The Law Enforcement Division is responsible for ensuring compliance with the department laws and regulations for the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other wildlife species. It also enforces laws and regulations relative to lands or waters under the jurisdiction and authority of the department such as parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to boating, snowmobile, and all-terrain vehicle safety and registration. Other duties include administration of special purpose licenses, overseeing the department's licensing agents, and investigating wildlife damage complaints.

### Funding

The Law Enforcement Division is funded primarily with state special revenue, including the general license account, variable priced non-resident hunting license fees, motorboat certificate fees, motorboat fuel taxes, state parks funds, income from the coal tax trust, and snowmobile and off-highway vehicle registration funds. General fund financed the portion of law enforcement activities that had been funded with revenue from fines de-earmarked by the 1995 legislative session. These costs will be funded by the general license account in the 2003 biennium. Federal funds consist of grants from the Coast Guard. Legislative contract authority is funded at \$10,000 with money from federal land agencies that may contract with the department for enforcement of block management programs, or for achieving mutual interagency goals. Table 5 shows the funding detail for the Law Enforcement Division.



Table 5  
Fish, Wildlife, and Parks  
Law Enforcement Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	\$132,693		\$0		\$0	
Subtotal -- General Fund	\$132,693	2.18%	\$0	0.00%	\$0	0.00%
Off-Highway Vehicle Fines	\$41,795		\$48,123		\$49,060	
Snowmobile Fuel Tax-Enforc.	27,675		23,108		23,632	
Market Based Combo Sales	260,027		265,136		265,122	
General License	5,133,523		5,506,751		5,482,861	
State Parks Miscellaneous	66,197		67,651		67,648	
Motorboat Fuel Tax	22,403		23,084		23,084	
F & G Motorboat Cert ID	116,144		124,862		124,855	
Snowmobile Reg.	49,594		62,045		63,156	
Subtotal -- State Special Revenue	\$5,717,358	94.04%	\$6,120,760	95.52%	\$6,099,418	95.46%
Fish and Game	\$229,727		\$287,002		\$290,150	
Subtotal -- Federal	\$229,727	3.78%	\$287,002	4.48%	\$290,150	4.54%
Total Funding	\$6,079,778	100.00%	\$6,407,762	100.00%	\$6,389,568	100.00%

## Present Law Adjustments

Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				210,123					239,171	
Vacancy Savings				(128,892)					(129,763)	
Inflation/Deflation				58,829					91,933	
Fixed Costs				(3,237)					(2,980)	
Total Statewide Present Law Adjustments				\$136,823					\$198,361	
DP 402 - Warden Overtime Compensation	0.00	4,500	162,500	30,000	197,000	0.00	4,500	162,500	30,000	197,000
DP 404 - Alternative Livestock Environmental Review	0.00	0	45,858	0	45,858	0.00	0	(50,142)	0	(50,142)
DP 406 - Criminal Investigation Section	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 407 - Warden Reserve/Temp Help	0.00	0	14,000	0	14,000	0.00	0	14,000	0	14,000
DP 408 - Regulation Distribution	0.00	0	13,000	0	13,000	0.00	0	13,000	0	13,000
DP 412 - Field Operations Adjustment	0.00	0	14,500	0	14,500	0.00	0	14,500	0	14,500
DP 413 - Alternative Pay Plan Adjustment	0.00	0	(167,000)	0	(167,000)	0.00	0	(167,000)	0	(167,000)
DP 414 - Data Entry Savings/Reduction	0.00	0	0	0	0	0.00	0	(19,041)	0	(19,041)
DP 415 - Travel Adjustment for Law Enforcement	0.00	0	65,587	0	65,587	0.00	0	101,201	0	101,201
DP 699 - Vacancy Savings at 4 Percent	0.00	(690)	(55,769)	(2,287)	(58,746)	0.00	(694)	(56,059)	(2,298)	(59,051)
Total Other Present Law Adjustments										
	0.00	\$3,810	\$132,676	\$27,713	\$164,199	0.00	\$3,806	\$52,959	\$27,702	\$84,467
Grand Total All Present Law Adjustments				\$301,022						\$282,828

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 402 - Warden Overtime Compensation - The legislature approved funding to compensate wardens for work performed during official holidays, for providing emergency responses, and for increased coverage during peak times and seasons.

DP 404 - Alternative Livestock Environmental Review - The legislature approved a one-time-only, biennial appropriation to fund contracted environmental assessments for alternative livestock licenses. The department is required to evaluate the expansion of existing alternative livestock facilities. I-143 was affirmed by public vote during the November election. A moratorium is in place, eliminating the ability to establish new alternative livestock operations or transfer existing operations. However, changes in existing operations will require the department to complete environmental reviews.

DP 406 - Criminal Investigation Section - The legislature approved funding to restore previous levels of funding to the Criminal Investigation Section for investigations of major criminal violations. The Criminal Investigation Section provides specialized solutions to the investigation and prosecution of major criminal violations across all program areas. Typical investigations include unlawful commercialization of wildlife, illegal introductions of wildlife, and gross willful destruction of wildlife resources.

DP 407 - Warden Reserve/Temp Help - The legislature approved funding to hire temporary assistance for data entry and records maintenance, as well as to hire retired wardens for temporary work performed during peak seasons. Stated goals include better workload management, more timely and accurate information management, improved administration of legislatively-mandated programs, and improved public service.

DP 408 - Regulation Distribution - The legislature approved funding to support printing, handling, and mailing of department rules and regulations in sufficient numbers to encourage voluntary compliance, and to provide information to customers. The funding will be used to pay printing, shipping, and handling costs. Cost increases are attributable to producing more documents as a result of the recent splitting of big game regulations into two volumes.

DP 412 - Field Operations Adjustment - The legislature approved funding to restore the field operations base budget to previously-authorized levels. The department states that expenditures for field operations were low in the base year due to unusual weather conditions experienced during the hunting season, and were compounded by the inability to work at full potential due to unresolved contract negotiations. Negotiated contract issues have been resolved and work is expected to continue at full capacity. Additionally, costs including the replacement of unserviceable uniform items, necessary individual safety equipment, and personal protective gear are included. Further, the number of warden relocations is expected to increase.

DP 413 - Alternative Pay Plan Adjustment - The legislature approved reductions to fund the Fish, Wildlife and Parks alternative pay plan. The reductions would occur in field operations, central projects that fund training for Field Training Officers, field supplies, equipment, and relocation costs.

DP 414 - Data Entry Savings/Reduction - The legislature approved a reduction in the second year of the biennium in order to reflect savings resulting from data-entry efficiencies. Due to changes in the data entry procedures, the Law Enforcement Division realized a net savings. The new Automated Licensing System will reduce the cost of data entry because licensing agents would input information at the point of sale. FWP would no longer need to pay for a contractor to enter handwritten copies into the computer system. The new system is expected to come on-line in October of 2001.

DP 415 - Travel Adjustment for Law Enforcement - The legislature approved funding to adjust vehicle travel costs resulting from inflation and rate increases for FWP's internal fleet of vehicles. In order to comply with the legislative audit recommendations to keep rates commensurate with costs and spend down existing cash balances, the vehicle rates have remained low. Thus, the additional funding will bring the budget up to anticipated spending levels.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 410 - Legislative Contract Authority										
04	0.00	0	0	10,000	10,000	0.00	0	0	10,000	10,000
DP 416 - 5 Percent General Fund Reduction										
04	0.00	(6,299)	0	0	(6,299)	0.00	(6,299)	0	0	(6,299)
DP 417 - Switch General Fund with State Special										
04	0.00	(101,341)	101,341	0	0	0.00	(101,337)	101,337	0	0
DP 419 - HB 419 Natural Resources Enforce. in AG's Office										
04	0.00	0	41,600	0	41,600	0.00	0	41,600	0	41,600
DP 689 - FTE Reduction										
04	0.00	0	0	0	0	0.00	0	0	0	0
DP 693 - Statewide Reduction in Travel										
04	0.00	(18,339)	0	0	(18,339)	0.00	(18,339)	0	0	(18,339)
<b>Total</b>	<b>0.00</b>	<b>(\$125,979)</b>	<b>\$142,941</b>	<b>\$10,000</b>	<b>\$26,962</b>	<b>0.00</b>	<b>(\$125,975)</b>	<b>\$142,937</b>	<b>\$10,000</b>	<b>\$26,962</b>

### New Proposals

DP 410 - Legislative Contract Authority - The legislature approved a one-time-only, restricted appropriation for legislative contract authority to meet unanticipated federal expenditures. The department uses this authority, in part, to be able to use federal help in felony investigations.

DP 416 - 5 Percent General Fund Reduction - The legislature approved a 5 percent general fund reduction. Since general fund is found only in the Law Enforcement Division, Parks Division and the Conservation Education Division, these were the only divisions affected.

DP 417 - Switch General Fund with State Special - The legislature approved a reduction in general fund and a corresponding increase in state special revenue in fiscal years 2002 and 2003. The legislature intends the state special revenue increase to come from the general license account within the department. General fund authority was increased in the Department of Agriculture for weed control purposes.

DP 419 - HB 419 Natural Resources Enforce. in AG's Office - The legislature approved funding to implement HB 419. HB 419 creates a natural resources enforcement program in the Attorney General's office. This bill allows program staff to investigate and prosecute criminal cases concerning the violation of the laws administered by the Department of Fish, Wildlife and Parks. This program is under the supervision and control of the attorney general and consists of a half-time attorney. This program will be administered by FWP through a memorandum of understanding because general license authority cannot be directly appropriated to the Department of Justice.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 693 - Statewide Reduction in Travel - The legislature made a reduction in general fund each year equivalent to 25 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

### Language

Item [Law Enforcement; Statewide Travel Reduction] includes a reduction of general fund of \$18,339 in fiscal 2002 and \$18,339 in fiscal 2003. This reduction is the equivalent of a 25 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Alternative Livestock Environmental Review] contains a biennial appropriation of \$96,000 for game farm environmental assessment/environmental impact statements.

Item [Create Natural Resources Enforcement in AG's Office] is contingent on passage and approval of HB 419.

Item [LCA] is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in [this act] and must be requested as a new proposal to be continued into the 2003 biennium. LCA applies only to federal funds.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	98.20	0.50	1.00	99.70	0.50	1.00	99.70	99.70
Personal Services	3,908,397	319,677	69,402	4,297,476	347,158	69,627	4,325,182	8,622,658
Operating Expenses	2,508,831	10,166	323,278	2,842,275	25,312	323,053	2,857,196	5,699,471
Equipment	64,926	0	40,000	104,926	0	40,000	104,926	209,852
Grants	110,000	25,137	0	135,137	25,137	0	135,137	270,274
Transfers	0	0	533,798	533,798	0	533,798	533,798	1,067,596
<b>Total Costs</b>	<b>\$6,592,154</b>	<b>\$354,980</b>	<b>\$966,478</b>	<b>\$7,913,612</b>	<b>\$397,607</b>	<b>\$966,478</b>	<b>\$7,956,239</b>	<b>\$15,869,851</b>
State/Other Special	3,366,666	243,429	108,169	3,718,264	284,330	108,169	3,759,165	7,477,429
Federal Special	3,225,488	111,551	858,309	4,195,348	113,277	858,309	4,197,074	8,392,422
<b>Total Funds</b>	<b>\$6,592,154</b>	<b>\$354,980</b>	<b>\$966,478</b>	<b>\$7,913,612</b>	<b>\$397,607</b>	<b>\$966,478</b>	<b>\$7,956,239</b>	<b>\$15,869,851</b>

### Program Description

The Wildlife Division is responsible for the department's statewide Wildlife Management Program, which enhances the use of Montana renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, small game, furbearers, and threatened and endangered species.

### Funding

The Wildlife Division state special revenue funding consists primarily of hunting and fishing license revenue. Earmarked hunting license fees fund all of the Upland Game Bird Habitat Enhancement Program and the Wildlife Habitat Program operations. Other specialized programs are funded by revenue earned from earmarked hunting license fees such as fees for waterfowl stamps and the mountain sheep and moose license auctions. Federal funding consists of Pittman-Robertson funds. Legislative contract authority is funded at \$0.5 million each fiscal year with miscellaneous federal revenue. Table 6 shows the funding details for the Wildlife Division.

Table 6 Fish, Wildlife, and Parks Wildlife Division						
	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
Nongame Wildlife	\$17,299		\$13,350		\$13,350	
Waterfowl Stamp Special Revenue	21,688		22,338		22,338	
Mountain Sheep Account	80,461		45,456		45,456	
Moose Auction	7,119		9,069		9,069	
Upland Game Bird Program	207,528		90,425		90,977	
General License	2,805,621		3,304,408		3,344,760	
Habitat Trust Interest	<u>226,950</u>		<u>233,218</u>		<u>233,215</u>	
Subtotal -- State Special Revenue	\$3,366,666	51.07%	\$3,718,264	46.99%	\$3,759,165	47.25%
Dingle-Johnson/Pittman Robertson	\$3,225,488		\$3,548,507		\$3,550,233	
Fish and Game	0		483,798		483,798	
CARA	<u>0</u>		<u>163,043</u>		<u>163,043</u>	
Subtotal -- Federal	\$3,225,488	48.93%	\$4,195,348	53.01%	\$4,197,074	52.75%
<b>Total Funding</b>	<b><u>\$6,592,154</u></b>	<b>100.00%</b>	<b><u>\$7,913,612</u></b>	<b>100.00%</b>	<b><u>\$7,956,239</u></b>	<b>100.00%</b>

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				476,959						505,527
Vacancy Savings				(121,578)						(122,435)
Inflation/Deflation				34,648						54,215
Fixed Costs				9,061						12,279
<b>Total Statewide Present Law Adjustments</b>				<b>\$399,090</b>						<b>\$449,586</b>
DP 503 - Grizzly/Black Bear Conflict Specialist										
0.50	0	69,410	0	69,410	0.50	0	69,410	0	69,410	
DP 504 - Wildlife Survey & Inventory										
0.00	0	34,625	103,875	138,500	0.00	0	34,625	103,875	138,500	
DP 505 - Upland Game Bird Habitat										
0.00	0	(116,712)	0	(116,712)	0.00	0	(116,712)	0	(116,712)	
DP 506 - Watchable Wildlife										
0.00	0	(3,949)	0	(3,949)	0.00	0	(3,949)	0	(3,949)	
DP 507 - Moose Auction										
0.00	0	1,950	0	1,950	0.00	0	1,950	0	1,950	
DP 511 - Printing Costs										
0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000	
DP 512 - Fixed Cost Adjustment										
0.00	0	4,307	0	4,307	0.00	0	4,307	0	4,307	
DP 513 - Student Stipend Program										
0.00	0	6,284	18,853	25,137	0.00	0	6,284	18,853	25,137	
DP 514 - Alternative Pay Plan Adjustment										
0.00	0	(22,827)	(128,478)	(151,305)	0.00	0	(22,827)	(128,478)	(151,305)	
DP 515 - Bighorn Sheep Auction										
0.00	0	(35,000)	0	(35,000)	0.00	0	(35,000)	0	(35,000)	
DP 516 - Data Entry Savings/Reduction										
0.00	0	0	0	0	0.00	0	(9,069)	(27,206)	(36,275)	
DP 517 - Travel Adjustment for Wildlife										
0.00	0	27,919	30,246	58,165	0.00	0	41,692	45,166	86,858	
DP 699 - Vacancy Savings at 4 Percent										
0.00	0	(27,716)	(26,897)	(54,613)	0.00	0	(27,862)	(27,038)	(54,900)	
<b>Total Other Present Law Adjustments</b>										
0.50	\$0	(\$41,709)	(\$2,401)	(\$44,110)	0.50	\$0	(\$37,151)	(\$14,828)	(\$51,979)	
<b>Grand Total All Present Law Adjustments</b>				<b>\$354,980</b>						<b>\$397,607</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 503 - Grizzly/Black Bear Conflict Specialist - The legislature approved authority to increase staffing and to procure contracted services designed to reduce and resolve grizzly bear/human conflicts within the Northern Continental Divide Ecosystem of Northwest Montana. Areas of emphasis include: 1) responding to grizzly bear conflict situations; 2) implementing aversive conditioning on those bears that become involved in human/bear conflicts; and 3) encouraging rural residents to eliminate grizzly bear attractants.

DP 504 - Wildlife Survey & Inventory - The legislature approved funding for wildlife survey and inventory activities. The survey and inventory activities include monitoring wildlife species. The results will be used to make recommendations and management plans for hunting seasons.

DP 505 - Upland Game Bird Habitat - The legislature approved discontinuing of the biennial appropriation for the Upland Game Bird Program in HB 2 and moved it into HB5 (the Capitol Projects Bill). No change from the previously approved base is being requested. The Upland Game Bird Funds are specifically earmarked for habitat enhancement and pheasant releases.



DP 506 - Watchable Wildlife - The legislature approved a reduction in authority in order to match available revenues in the Watchable Wildlife Program because revenues from the income tax check off are declining. Once check-off contributions fall below \$10,000, the check-off program ends.

DP 507 - Moose Auction - The legislature approved authority to spend moose auction receipts to increase moose survey efforts.

DP 511 - Printing Costs - The legislature approved authority to pay for increased costs for printing hunting regulations. The total number of regulations printed has nearly doubled and now comes to more than 700,000 copies. In addition, timing of special season drawings requires the department to print different sets of regulations.

DP 512 - Fixed Cost Adjustment - The legislature approved authority to fund base operations paid out as overtime. Fixed cost expenditures do not carry forward in the base budget. Miscoding resulted in \$4,307 being charged to fixed cost items that should actually have carried forward into the base.

DP 513 - Student Stipend Program - The legislature approved authority to restore the grant funding for the Student Stipend Program. The Student Stipend Program allows the department to make short-term investigations of wildlife populations through the university system, using grants and contracts. These project costs were delayed until after fiscal year end. Because of problems with SABHRS, costs were not reflected in the base budget. Restoring the grant funding will allow the department to continue the program.

DP 514 - Alternative Pay Plan Adjustment - The legislature approved funding reductions in order to fund the alternative pay plan within the agency overall budget. This, according to the agency, will result in decreased habitat protection and enhancement.

DP 515 - Bighorn Sheep Auction - The legislature approved a reduction in order to adjust for declining revenue from the bighorn sheep auction. Averaging \$156,100 since the 1986 license year, the sheep permit auctioned annually has sold for as much as \$310,000. In the 2000 license year, the winning bid was \$85,500. This authority will bring the budget in line with revenue estimates of \$125,000 per year.

DP 516 - Data Entry Savings/Reduction - The legislature approved authority for a reduction to accommodate savings realized from data entry efficiencies. The new Automated Licensing System will reduce data entry costs because license agents will input information at the point of sale. FWP will no longer need to pay a contractor to enter handwritten copies into the computer system.

DP 517 - Travel Adjustment for Wildlife - The legislature approved authority to adjust vehicle travel costs resulting from inflation and rate increases for FWP's internal fleet of vehicles. Fish, Wildlife and Parks manages a fleet of vehicles and aircraft for department use. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates is used to maintain the department's fleet and replace existing vehicles as needed. In order to comply with the legislative audit recommendations to keep rates commensurate with costs and spend down existing cash balances, vehicle rates have been kept low.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 501 - Mountain Lion Research										
05	0.50	0	38,992	116,978	155,970	0.50	0	38,992	116,978	155,970
DP 502 - Black Bear Research										
05	0.50	0	14,830	44,490	59,320	0.50	0	14,830	44,490	59,320
DP 508 - Legislative Contract Authority										
05	0.00	0	0	533,798	533,798	0.00	0	0	533,798	533,798
DP 509 - Wolf/Ungulate Monitoring										
05	1.00	0	31,847	95,543	127,390	1.00	0	31,847	95,543	127,390
DP 510 - Sagegrouse Monitoring										
05	0.00	0	22,500	67,500	90,000	0.00	0	22,500	67,500	90,000
DP 689 - FTE Reduction										
05	(1.00)	0	0	0	0	(1.00)	0	0	0	0
<b>Total</b>	<b>1.00</b>	<b>\$0</b>	<b>\$108,169</b>	<b>\$858,309</b>	<b>\$966,478</b>	<b>1.00</b>	<b>\$0</b>	<b>\$108,169</b>	<b>\$858,309</b>	<b>\$966,478</b>

### New Proposals

DP 501 - Mountain Lion Research - The legislature approved one-time-only, restricted funding to modify and continue the Mountain Lion Research Project initiated in 1997. The authority will continue the funding that supports mountain lion research. The addition includes an additional 0.5 FTE to assist in trapping operations from October through March during each year of the biennium.

DP 502 - Black Bear Research - The legislature approved one-time-only funding to conduct an evaluation of black bear management criteria as outlined in the Black Bear EIS. An environmental impact statement on the management of black bears was completed and the record of decision was issued in 1994. The EIS established a series of management criteria that would be used to monitor population trends and act as safeguards to prevent excessive harvest of black bears. The findings from this 8 to 10 year project will be used to modify the management criteria and to improve monitoring of black bear populations statewide. The authority will fund the services of a biologist and a portion of the operations costs.

DP 508 - Legislative Contract Authority - The legislature approved a one-time-only, restricted appropriation for legislative contract authority (LCA) to allow the division to spend unanticipated federal funds. In the Wildlife Division, LCA is used to perform special surveys for federal agencies via contract. The contracts usually run through the federal fiscal year and most require a report.

DP 509 - Wolf/Ungulate Monitoring - The legislature approved authority to spend anticipated CARA-lite funding. The authority will allow increased monitoring of elk and other ungulates to determine the impact of wolves on recruitment and distribution. The decision package includes funding for a grade 12 research technician (1.0 FTE) plus operations and equipment expenses.

DP 510 - Sagegrouse Monitoring - The legislature approved one-time-only authority to allow the division to spend anticipated CARA-lite funding to inventory game and non-game species associated with the sagebrush/grassland ecosystem. The Biodiversity Legal Foundation recently requested information on the status of sage grouse in Montana. Petitions have been submitted to list sage grouse populations in Washington, Colorado, and Nevada under the Federal Endangered Species Act. The department anticipates Montana's sage grouse population will be petitioned for listing by the end of the year. This authority will fund a contract as well as volunteer and/or work-study students to assist the department in surveying the sagebrush habitat.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.



**Language**

Item [Mountain Lion Research] is a restricted and one-time-only appropriation for mountain lion research.

Item [LCA] is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in [this act] and must be requested as a new proposal to be continued into the 2003 biennium. LCA applies only to federal funds.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	88.52	0.00	4.79	93.31	0.00	4.79	93.31	93.31
Personal Services	2,698,092	205,154	128,614	3,031,860	227,138	129,043	3,054,273	6,086,133
Operating Expenses	1,770,341	(236,211)	328,446	1,862,576	(212,674)	114,291	1,671,958	3,534,534
Equipment	345,893	27,336	0	373,229	(270,664)	0	75,229	448,458
Grants	810,082	(471,423)	0	338,659	(471,423)	0	338,659	677,318
Transfers	0	0	50,000	50,000	0	50,000	50,000	100,000
<b>Total Costs</b>	<b>\$5,624,408</b>	<b>(\$475,144)</b>	<b>\$507,060</b>	<b>\$5,656,324</b>	<b>(\$727,623)</b>	<b>\$293,334</b>	<b>\$5,190,119</b>	<b>\$10,846,443</b>
General Fund	284,076	10,113	(14,933)	279,256	10,113	(14,934)	279,255	558,511
State/Other Special	4,547,243	140,918	353,993	5,042,154	(111,543)	140,268	4,575,968	9,618,122
Federal Special	793,089	(626,175)	168,000	334,914	(626,193)	168,000	334,896	669,810
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$5,624,408</b>	<b>(\$475,144)</b>	<b>\$507,060</b>	<b>\$5,656,324</b>	<b>(\$727,623)</b>	<b>\$293,334</b>	<b>\$5,190,119</b>	<b>\$10,846,443</b>

### Program Description

The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state and for providing for their use and enjoyment. The program includes 41 parks; 15 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies; and 312 fishing access sites. Other programs administered by the division include motorized and non-motorized trails, state Capitol Complex grounds maintenance, and the Montana Conservation Corps.

### Funding

General fund provides a portion of the support and maintenance of parks and historic sites. The largest state special revenue source is park fee revenues, followed by motorboat fuel taxes, parks coal tax trust earnings, the General License Account, snowmobile fuel taxes, off-highway vehicle fuel taxes, fishing access maintenance and acquisition fee revenues, snowmobile registration fees, and off-highway vehicle registration fees. The department receives the following allocations of gasoline dealers' license taxes: 1) nine-tenths of one percent for maintenance of parks with motorboat use; 2) one-eighth of one percent for off-highway vehicle safety, repair of off-highway vehicle damage, and facility development; and 3) 15/28 of one percent for snowmobile safety, facility development, enforcement, and control of noxious weeds. Of total Coal Severance Tax revenue collections, 1.27 percent is deposited into a non-expendable trust, with the interest from this trust allocated for maintenance of state parks and historic sites. The General License Account and earmarked fishing license fees are used to maintain fishing access sites.

In addition, the department receives 6.5 percent of lodging facility use tax collections for maintenance of state park facilities. However, since the money is statutorily appropriated, appropriations are not included in HB 2. Capitol grounds maintenance is funded via a proprietary account; rate charges are based on the amount of office space occupied in the capitol complex. The legislature does not appropriate these funds, but does approve the rates. During the 2001 legislative session, the legislature approved an enterprise fund for the Parks Division. The enterprise fund will allow the Parks Division to sell merchandise and memorabilia to park visitors. Revenue will be used to support state parks.

Federal sources of funds include Wallop-Breaux, the National Recreational Trails, and Land and Water Conservation funds, as well as miscellaneous federal revenues. Table 7 shows funding details for the Parks Division.



Table 7  
Fish, Wildlife, and Parks  
Parks Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	\$284,076		\$279,256		\$279,255	
Subtotal -- General Fund	\$284,076	5.05%	\$279,256	4.94%	\$279,255	5.38%
Off Highway Vehicle Gas Tax	\$123,440		\$29,168		\$28,633	
Off Hwy Vehicle Acct (Parks)	61,046		13,820		14,570	
Snowmobile Registration-Parks	119,369		70,897		70,896	
Fishing Access Site Maint	112,559		115,786		115,779	
Snowmobile Fuel Tax	624,173		665,217		367,867	
Coal Tax Trust Account	839,212		825,358		857,768	
General License	776,535		828,263		828,374	
State Parks Miscellaneous	866,963		1,430,702		1,227,908	
Motorboat Fuel Tax	1,023,946		1,062,943		1,064,173	
Subtotal -- State Special Revenue	\$4,547,243	80.85%	\$5,042,154	89.14%	\$4,575,968	88.17%
Fish(DJ)-Wldlf(PR) Restor Grant	\$166,222		\$177,714		\$177,700	
Parks Federal Revenue	608,220					
Fish and Game			50,000		50,000	
Overhead	18,647		29,200		29,196	
CARA	0		78,000		78,000	
Subtotal -- Federal	\$793,089	14.10%	\$334,914	5.92%	\$334,896	6.45%
Total Funding	\$5,624,408	100.00%	\$5,656,324	100.00%	\$5,190,119	100.00%

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				326,674					349,575
Vacancy Savings				(81,716)					(82,402)
Inflation/Deflation				20,610					31,831
Fixed Costs				2,582					3,483
<b>Total Statewide Present Law Adjustments</b>				<b>\$268,150</b>					<b>\$302,487</b>
DP 604 - Reduce Trail Grants	0.00	0	0	(596,630)	0.00	0	0	(596,630)	(596,630)
DP 606 - Snowmobile Equipment	0.00	0	34,336	0	34,336	0.00	0	(263,664)	0
DP 607 - Community Service	0.00	0	31,400	0	31,400	0.00	0	31,400	0
DP 610 - Reduce OHV Grants and Operations	0.00	0	(141,670)	0	(141,670)	0.00	0	(141,670)	0
DP 612 - Alternative Pay Plan Adjustment	0.00	0	(92,000)	(20,000)	(112,000)	0.00	0	(92,000)	(20,000)
DP 614 - Restore Base Operations	0.00	0	60,000	0	60,000	0.00	0	60,000	0
DP 615 - Snowmobile Grants and Operations Adjustment	0.00	0	0	0	0.00	0	0	0	0
DP 617 - Travel Adjustment for Parks	0.00	0	21,074	0	21,074	0.00	0	32,489	0
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(36,718)	(3,086)	(39,804)	0.00	0	(36,931)	(3,104)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$123,578)</b>	<b>(\$619,716)</b>	<b>(\$743,294)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$410,376)</b>	<b>(\$619,734)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>(\$475,144)</b>					<b>(\$727,623)</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 604 - Reduce Trail Grants - The legislature approved a reduction of recreation trail grants authority in HB 2, with a similar increase to HB 5. Federal money is passed through to communities and user groups for statewide trail construction and improvement grants. According to the department, transferring this money to the Long-range Building Program would make grants easier to track and manage. An additional restoration of \$2,000 in operations authority was approved to minimize the use of state revenue in program operations.

DP 606 - Snowmobile Equipment - The legislature approved a biennial appropriation to purchase snowmobile trail grooming equipment. Funds for this program come from a rebate of fees paid by users on snowmobile fuel. Funds are used to purchase snowmobile trail grooming equipment for local snowmobile clubs. The department receives 15/28 of one percent of total gasoline dealer license tax revenue to "develop and maintain facilities open to the general public at no admission cost, to promote snowmobile safety, for enforcement purposes, and for the control of noxious weeds."

DP 607 - Community Service - The legislature approved authority to utilize community service programs to assist with park maintenance projects. Montana State Parks uses modified-level FTE to supplement current staff members who are supervising Montana Conservation Corps, volunteer groups, and Aspen Youth Alternative crews.

DP 610 - Reduce OHV Grants and Operations - The legislature approved a reduction to reduce the off-highway vehicle (OHV) grant authority that provides for OHV trails and trail maintenance statewide. Local clubs, communities, counties, and federal agencies use these monies to improve OHV use and user behavior. Examples include weed control, weed control education, and trail maintenance. Operational dollars are used to administer grant and education programs.

DP 612 - Alternative Pay Plan Adjustment - The legislature approved a reduction in funding to support funding of the alternative pay plan. This reduction in parks operations will affect statewide projects including brochure production, student interns, and such regional projects as contracted services, travel, and special projects. The department does not anticipate a reduction in public service as a result of these redirections.

DP 614 - Restore Base Operations - The legislature approved funding to restore base funding. The authority will be used for daily operations such as security contracts, custodial contracts, mowing, fence repair, weed control, paying light bills, and the purchase of gas.

DP 615 - Snowmobile Grants and Operations Adjustment - The legislature approved a request to transfer authority between the operations and the equipment categories. This would have a net effect of zero and is to correct a mistake that occurred during year-end procedures. Specifically, expenditures were posted against snowmobile program "operations" (2000 series code) when they should have been met through "grants" authority (6000 series code).

DP 617 - Travel Adjustment for Parks - The legislature approved authority to adjust vehicle travel costs resulting from inflation and rate increases for FWP's internal fleet of vehicles. Fish, Wildlife & Parks manages a fleet of vehicles and aircraft for department use. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates is used to maintain the department's fleet and replace existing vehicles.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 601 - Park Maintenance and Operations										
06	2.79	0	82,283	0	82,283	2.79	0	82,560	0	82,560
DP 602 - Motorboat Site Maintenance										
06	0.00	0	11,000	40,000	51,000	0.00	0	11,000	40,000	51,000
DP 603 - Fishing Access Site Maintenance										
06	2.00	0	46,555	0	46,555	2.00	0	46,708	0	46,708
DP 609 - Legislative Contract Authority										
06	0.00	0	0	50,000	50,000	0.00	0	0	50,000	50,000
DP 613 - CARA Implementation - LWCF										
06	0.00	0	0	78,000	78,000	0.00	0	0	78,000	78,000
DP 618 - 5 Percent General Fund Reduction										
06	0.00	(14,709)	0	0	(14,709)	0.00	(14,709)	0	0	(14,709)
DP 619 - Continue Chief Plenty Coups Funding										
06	0.00	0	214,155	0	214,155	0.00	0	0	0	0
DP 689 - FTE Reduction										
06	0.00	0	0	0	0	0.00	0	0	0	0
DP 691 - Personal Services General Fund Reduction										
06	0.00	(224)	0	0	(224)	0.00	(225)	0	0	(225)
<b>Total</b>	<b>4.79</b>	<b>(\$14,933)</b>	<b>\$353,993</b>	<b>\$168,000</b>	<b>\$507,060</b>	<b>4.79</b>	<b>(\$14,934)</b>	<b>\$140,268</b>	<b>\$168,000</b>	<b>\$293,334</b>

### New Proposals

DP 601 - Park Maintenance and Operations - The legislature approved funding for park maintenance and operations improvement. Montana State Parks personnel are experiencing increases in their levels of responsibility. In 1999, the division used 1,504 volunteers (47,326 hours) and 12 interns. Although these people can address some of the labor needs, they require supervision, oversight, and leadership. Montana State Parks has 41 state parks and 15 affiliated lands throughout the state.

DP 602 - Motorboat Site Maintenance - The legislature approved a restricted appropriation to restore federal fishing access site maintenance and motorboat authority to the previously authorized level. This funding will provide for routine repair and maintenance of equipment, facilities and grounds. Specifically, this authority will be used to fund a number of activities including repair after acts of vandalism, equipment maintenance and repair, pump replacement, and erosion control.

DP 603 - Fishing Access Site Maintenance - The legislature approved funding to address increasing maintenance demands at fishing access sites. Maintenance is typically accomplished by part-time seasonal employees who live on a nearby farm, ranch, or in a small community. This authority will allow the department to add additional maintenance positions across the state to help keep pace with increased visitation, longer recreation seasons, and the aging of the facilities.

DP 609 - Legislative Contract Authority - The legislature approved a one-time-only, restricted appropriation for legislative contract authority to be used when FWP enters into partnerships with federal agencies, in order to jointly manage projects and properties where there is a mutual interest.

DP 613 - CARA Implementation - LWCF - The legislature approved funding to administer the Land and Water Conservation Fund Program. This appropriation allows the department to spend federal dollars anticipated to be received from the passage of the Conservation and Reinvestment Act (CARA) and from the Commerce, State, and Justice amendment to the Pittman-Robertson act. This funding will be used in park operations and to administer the Land and Water Conservation Fund grants portions of CARA.

DP 618 - 5 Percent General Fund Reduction - The legislature approved a 5 percent general fund reduction. Since general fund is found only in the Law Enforcement Division, Parks Division, and the Conservation Education Division, these were the only divisions affected.

DP 619 - Continue Chief Plenty Coups Funding - The legislature approved a one-time-only, restricted, biennial appropriation of up to \$428,310 in funding for Chief Plenty Coups State Park. Funding will extend \$500,000 appropriated by the 1999 legislature to conduct various projects discussed in the management plan for Chief Plenty Coups State Park. The total spent for this project was \$71,690 in fiscal 2000. The legislature's intent is to appropriate an amount for Chief Plenty Coups State Park that will bring 2001 and 2003 biennia spending totals to the \$500,000 intended for park maintenance and improvement.

Up to one-half of the \$428,310 (\$214,155) is authorized to be spent from the parks earned revenue fund and is reflected in HB 2. Funding for the remaining \$214,155 will be derived from lodging facility use tax revenues statutorily appropriated to the department for purposes of parks maintenance projects. The department was directed to develop a tracking mechanism for expenditures made from lodging facility use tax revenues. Projects include a fire exit at the visitor center; installing fire protection in the Chief's house; updating visitor center displays; preserving, protecting, and enhancing the interior of the Chief's house; improving outdoor interpretation; and expanding the curatorial capacity. The legislature has directed the department to report their progress to the Legislative Finance Committee.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

### Language

Item [Parks Division] includes a reduction of \$224 general fund in fiscal 2002 and \$225 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Item [Motorboat Site Maintenance] is a restricted appropriation for motorboat site maintenance.

Item [Snowmobile Equipment] includes a biennial appropriation of \$298,000 for snowmobile equipment.

The department may expend from the appropriation in item [Continue Chief Plenty Coups] no more than one-half of the unspent 2001 biennium appropriation made for this purpose. It is the intent of the legislature for the department to use any funds reverted from the 2001 biennium for the purpose of carrying out various maintenance and construction projects described in the management plan for Chief Plenty Coups State Park. Further, the department may pursue up to \$214,155 of lodging facility use tax funds appropriated to the department for state park maintenance in addition to the \$214,155 appropriated in [this act] for purposes of completing the maintenance and construction projects at Chief Plenty Coups State Park. The department shall develop a tracking and reporting method for amounts spent from the lodging facility use tax for this purpose. The department shall report to the Legislative Finance Committee at its June 2002 (or nearest) meeting on factors such as projects completed, dollars spent, and a timeline for completion of the remainder of the projects.

Item [LCA] is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in [this act] and must be requested as a new proposal to be continued into the 2003 biennium. LCA applies only to federal funds.



## Proprietary Rates

### Program Description

The Parks Division of Montana Fish, Wildlife and Parks is responsible for the state Capitol Complex Grounds Maintenance Program. The total annual cost of the Capitol Complex Grounds Maintenance Program is allocated to state agencies based on each agency's share of the total square footage of office space on the capitol complex, which is rented from Department of Administration, General Services Division. The department funds the program through the Capitol Grounds Proprietary Account (A/E 06541).

### Revenues and Expenses

The legislature approved an increase of \$0.025 cents per square foot as proposed for the 2003 biennium. A total of 5.66 FTE are funded in this program.

### Rate Explanation

Capitol grounds units of service are based on services provided for grounds maintenance and snow removal within the capitol complex. The unit price is the total annual revenue of the program divided by the total square footage of rented office space within the capitol complex. Square footage for the 2003 biennium is provided by General Services Division and used in these calculations. The summary of costs billed to agencies and the per unit costs for fiscal 1996 to fiscal 2003 are as follow:

	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03
Revenue	\$265,338	\$263,768	\$297,349	\$298,562	\$296,112	\$296,000	\$319,189	\$319,189
Per Sq. Ft.	\$.3129	\$.3111	\$.3446	\$.3446	\$.3446	\$.3446	\$.3696	\$.3696

### Significant Present Law

#### Present Law Base Adjustments

The legislature approved rates sufficient to hire an additional 3.34 FTE to bring the total back to the 5.66 FTE authorized for the 2001 biennium. These positions did not roll forward in the base because they were inadvertently set up at a modified level. Additionally, an increase of 0.40 FTE was approved through the rate increase.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	22.25	0.00	0.90	23.15	0.00	0.90	23.15	23.15
Personal Services	914,519	64,327	37,665	1,016,511	69,960	37,794	1,022,273	2,038,784
Operating Expenses	1,062,429	(52,847)	369,093	1,378,675	(48,014)	368,964	1,383,379	2,762,054
Equipment	8,152	0	0	8,152	0	0	8,152	16,304
Grants	101,364	16,636	60,000	178,000	(101,364)	0	0	178,000
Transfers	0	0	35,000	35,000	0	35,000	35,000	70,000
<b>Total Costs</b>	<b>\$2,086,464</b>	<b>\$28,116</b>	<b>\$501,758</b>	<b>\$2,616,338</b>	<b>(\$79,418)</b>	<b>\$441,758</b>	<b>\$2,448,804</b>	<b>\$5,065,142</b>
General Fund	2,697	0	(135)	2,562	0	(135)	2,562	5,124
State/Other Special	1,690,907	23,495	164,893	1,879,295	(84,030)	104,893	1,711,770	3,591,065
Federal Special	392,860	4,621	337,000	734,481	4,612	337,000	734,472	1,468,953
<b>Total Funds</b>	<b>\$2,086,464</b>	<b>\$28,116</b>	<b>\$501,758</b>	<b>\$2,616,338</b>	<b>(\$79,418)</b>	<b>\$441,758</b>	<b>\$2,448,804</b>	<b>\$5,065,142</b>

### Program Description

The Conservation Education Division, through its Helena office and six regional information officers, provides the department's primary information and education programs. Its responsibilities include:

1. distributing public information through news releases, audio-visual materials, brochures and public service announcements;
2. coordinating youth education programs;
3. coordinating the production of hunting, fishing and trapping regulations;
4. coordinating the hunter, bow-hunter, snowmobile, boat and off-highway vehicle education and safety programs; and
5. providing reception services for the department's Helena Headquarters.

In addition, the program publishes Montana Outdoors Magazine; produces video documentaries and television public service announcements, as well as a weekly television report; maintains a film/video lending library; and operates the department's wild animal rehabilitation center.

### Funding

The Conservation Education Division's largest funding source is revenue from hunting and fishing license fees. Other state special revenue sources include interest earnings from the department's Coal Tax Trust, snowmobile and off-highway vehicle fuel taxes, and off-highway vehicle decal fees. Federal funds consist of Pittman-Robertson and Wallop-Breaux funds and grants from the Coast Guard. Legislative contract authority is funded at \$35,000 with miscellaneous federal funds. Table 8 shows the funding details of the Conservation Education Division.



Table 8  
Fish, Wildlife, and Parks  
Conservation Education Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	\$2,697		\$2,562		\$2,562	
Subtotal -- General Fund	2,697	0.13%	2,562	0.10%	2,562	0.10%
Off Hwy Vehicle Acct (Con-Ed)	\$6,825		\$0		\$0	
OHV Gas Tax- Con ED	5,394		12,585		12,585	
Snowmobile Fuel Tax-Con ED	57,459		56,426		56,425	
Coal Tax Trust Account	36,172		37,000		36,999	
General License	1,585,057		1,773,284		1,605,761	
Subtotal -- State Special Revenue	\$1,690,907	81.04%	\$1,879,295	71.83%	\$1,711,770	69.90%
Dingle-Johnson/Pittman Robertson	\$361,490		\$565,423		\$565,415	
Fish and Game	31,370		67,058		67,057	
CARA	0		102,000		102,000	
Subtotal -- Federal	\$392,860	18.83%	\$734,481	28.07%	\$734,472	29.99%
Total Funding	\$2,086,464	100.00%	\$2,616,338	100.00%	\$2,448,804	100.00%

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				105,224					111,090
Vacancy Savings				(28,150)					(28,326)
Inflation/Deflation				4,096					6,545
Fixed Costs				5,106					6,909
<b>Total Statewide Present Law Adjustments</b>				<b>\$86,276</b>					<b>\$96,218</b>
DP 699 - Vacancy Savings at 4 Percent									
0.00	0	(10,580)	(2,167)	(12,747)	0.00	0	(10,628)	(2,176)	(12,804)
DP 805 - Shooting Range Grants									
0.00	0	17,849	0	17,849	0.00	0	(102,151)	0	(102,151)
DP 808 - Alternative Pay Plan Adjustment									
0.00	0	(63,000)	(5,000)	(68,000)	0.00	0	(63,000)	(5,000)	(68,000)
DP 810 - Travel Adjustment for Conservation Ed.									
0.00	0	4,738	0	4,738	0.00	0	7,319	0	7,319
<b>Total Other Present Law Adjustments</b>									
0.00	\$0	(\$50,993)	(\$7,167)	(\$58,160)	0.00	\$0	(\$168,460)	(\$7,176)	(\$175,636)
<b>Grand Total All Present Law Adjustments</b>				<b>\$28,116</b>					<b>(\$79,418)</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 805 - Shooting Range Grants - The legislature approved a biennial appropriation for the Shooting Range Grants Program. Those dollars have been distributed to approximately 60 communities in over 40 different locations to help develop shooting ranges.

**DP 808 - Alternative Pay Plan Adjustment** - The legislature approved a reduction in support of redirection efforts made to fund the Fish, Wildlife and Parks alternative pay plan. The reduction will result in elimination of information efforts targeting programs like the law requiring landowner permission, TIP MONT, regulation changes, and printing of informational brochures on access. In addition, video equipment replacements used to shoot and show programs, and slide projector replacement will be delayed. Funds for the provision of training aids for hunters and bowhunters, and aquatic education will also be reduced.

**DP 810 - Travel Adjustment for Conservation Ed.** - The legislature approved funding for internal fleet costs. In order to comply with the legislative audit recommendations to keep rates commensurate with costs and spend down existing cash balances, the vehicle rates have remained low. The additional authority will bring the budget in line with anticipated spending.

New Proposals										
Prgrm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction										
08	0.00	0	0	0	0	0.00	0	0	0	0
DP 801 - Spring Meadow Wild Animal Rehabilitation Center										
08	0.40	0	44,893	0	44,893	0.40	0	44,893	0	44,893
DP 802 - Aquatic Ed Program/Family Fishing										
08	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000
DP 803 - Remedial/Continuing Hunter Ed										
08	0.50	0	60,000	0	60,000	0.50	0	60,000	0	60,000
DP 804 - Shooting Range Grants Enhancement										
08	0.00	0	60,000	0	60,000	0.00	0	0	0	0
DP 807 - Legislative Contract Authority										
08	0.00	0	0	35,000	35,000	0.00	0	0	35,000	35,000
DP 809 - Youth Magazine/CARA										
08	0.00	0	0	102,000	102,000	0.00	0	0	102,000	102,000
DP 811 - 5 Percent General Fund Reduction										
08	0.00	(135)	0	0	(135)	0.00	(135)	0	0	(135)
<b>Total</b>	<b>0.90</b>	<b>(\$135)</b>	<b>\$164,893</b>	<b>\$337,000</b>	<b>\$501,758</b>	<b>0.90</b>	<b>(\$135)</b>	<b>\$104,893</b>	<b>\$337,000</b>	<b>\$441,758</b>

### New Proposals

**DP 689 - FTE Reduction** - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

**DP 801 - Spring Meadow Wild Animal Rehabilitation Center** - The legislature approved authority to fund the operation and maintenance of a wild animal rehabilitation center approved by the 1995 legislature. The 1995 legislature approved Phase I of a three-phased project with the intent of improving the shelter and associated educational opportunities. That approval included authority to spend \$825,000. In 1999, the Mikal Kellner Foundation for Animals (MKFA) completed private fund raising efforts adequate to purchase 5.3 acres of land located on the south end of FWP's Spring Meadow Lake State Park in Helena. The MKFA has agreed to trade that property to FWP for use in developing an improved rehabilitation center. In turn, MKFA can sell the property received from FWP. The revenue generated from the sale will be used to relocate to the animal rehabilitation and educational center on the 5.3 acres at Spring Meadow and to complete Phase I of the project. This funding provides for 0.4 FTE and operations at the relocated shelter.

**DP 802 - Aquatic Ed Program/Family Fishing** - The legislature approved a restricted appropriation to continue an enhanced aquatic education program approved by the 1999 legislature.

**DP 803 - Remedial/Continuing Hunter Ed** - The legislature approved funding to continue the implementation phase of remedial and continuing hunter education courses approved by the 1999 session. The 1999 legislature, through SB 381, directed FWP to create a remedial hunter education course that would be attended by violators of certain hunting regulations. In addition, the department was given the authority to create a continuing hunter education course.



Responsibilities of the department include developing the curriculum, providing materials, training instructors, and providing instruction for both courses.

DP 804 - Shooting Range Grants Enhancement - The legislature approved a \$60,000 one-time-only, biennial appropriation of general license dollars in support of a shooting range grant given to the department to supplement their shooting range program.

DP 807 - Legislative Contract Authority - The legislature approved a one-time-only, restricted appropriation for legislative contract authority to enable the department to spend federal funding. FWP anticipates receiving dollars from federal agencies for special cooperative efforts.

DP 809 - Youth Magazine/CARA - The legislature approved funding to utilize Conservation and Reinvestment Act (CARA) funding to replace and supplement license dollars currently used to provide a conservation magazine for youth in Montana schools. The department, with legislative approval, began providing youth magazines to Montana schools in 1993. Today FWP is a part of a cooperative public/private partnership that continues to provide Montana's fourth grade classrooms with five issues per school year. This funding will be used to add another grade-level of students eligible to receive the magazine.

DP 811 - 5 Percent General Fund Reduction - The legislature approved a 5 percent general fund reduction. Since general fund is found only in the Law Enforcement Division, Parks Division, and the Conservation Education Division, these were the only divisions affected.

### **Language**

Item [Aquatic Education/Family Fishing] is a restricted appropriation for aquatic education program/family fishing.

Item [Shooting Range Grants] is a biennial appropriation of \$120,000 for shooting range grants.

Item [Shooting Range Grants Enhancements] is a biennial, one-time-only appropriation of \$60,000 for shooting range grants enhancement.

Item [LCA] is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in [this act] and must be requested as a new proposal to be continued into the 2003 biennium. LCA applies only to federal funds.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	48.76	0.50	0.48	49.74	0.50	0.48	49.74	49.74
Personal Services	2,109,898	32,420	65,236	2,207,554	43,220	65,463	2,218,581	4,426,135
Operating Expenses	1,250,231	(70,146)	485,427	1,665,512	(73,686)	480,427	1,656,972	3,322,484
Equipment	40,940	0	0	40,940	0	0	40,940	81,880
Grants	65,000	0	50,000	115,000	0	50,000	115,000	230,000
Transfers	0	0	200,000	200,000	0	200,000	200,000	400,000
<b>Total Costs</b>	<b>\$3,466,069</b>	<b>(\$37,726)</b>	<b>\$800,663</b>	<b>\$4,229,006</b>	<b>(\$30,466)</b>	<b>\$795,890</b>	<b>\$4,231,493</b>	<b>\$8,460,499</b>
State/Other Special	2,736,253	(190,109)	89,236	2,635,380	(181,171)	84,463	2,639,545	5,274,925
Federal Special	729,816	152,383	711,427	1,593,626	150,705	711,427	1,591,948	3,185,574
<b>Total Funds</b>	<b>\$3,466,069</b>	<b>(\$37,726)</b>	<b>\$800,663</b>	<b>\$4,229,006</b>	<b>(\$30,466)</b>	<b>\$795,890</b>	<b>\$4,231,493</b>	<b>\$8,460,499</b>

### Program Description

The Department Management Division is responsible for:

1. overall department direction regarding policy, planning, program development, guidelines, and budgets;
2. serving as a liaison with the Governor's Office and the legislature;
3. interaction with the Fish, Wildlife and Parks Commission;
4. decision-making for key resource activities affecting the department;
5. supervision of the seven divisions that provide program development and staff support;
6. supervision of the seven regional offices that are responsible for program implementation;
7. legal services for the department; and
8. serving as a liaison with Montana's Indian tribes and with other state and federal agencies.

### Funding

The Department Management Division operating budget is funded from the General License Account and a portion of the indirect cost assessments on federal grants and non-federal accounts. The proposed rate for the 2001 biennium for non-federal funds is 10.7 percent for operational expenditures and 4.6 percent for capital expenditures. These assessments are handled as non-budgeted transfers to the General License Account, from which expenses are paid. The federal overhead rate of 16.0 percent is applied to federal grants, which include Pittman-Robertson, Wallop-Breaux, Corps of Engineers, and Coast Guard funds. Legislative contract authority is primarily for support staff associated with contracted mitigation activities funded at \$200,000 with money provided by the federal Bonneville Power Administration. Table 9 shows the funding details for the Department Management Division.

Table 9 Fish, Wildlife, and Parks Management Division						
	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General License	\$2,736,253		\$2,635,380		\$2,639,545	
Subtotal -- State Special Revenue	2,736,253	78.94%	2,635,380	62.32%	2,639,545	62.38%
Overhead	\$729,816		\$1,082,199		\$1,080,521	
CARA	0		511,427		511,427	
Subtotal -- Federal	\$729,816	21.06%	\$1,593,626	37.68%	\$1,591,948	37.62%
Total Funding	\$3,466,069	100.00%	\$4,229,006	100.00%	\$4,231,493	100.00%



Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				88,563						99,772
Vacancy Savings				(60,113)						(60,449)
Inflation/Deflation				11,315						11,920
Fixed Costs				10,846						13,548
Total Statewide Present Law Adjustments				\$50,611						\$64,791
DP 699 - Vacancy Savings at 4 Percent										
0.00	0	(21,389)	(6,754)	(28,143)		0.00	0	(21,474)	(6,781)	(28,255)
DP 901 - Office Maintenance & Small Equipment										
0.00	0	25,000	0	25,000		0.00	0	25,000	0	25,000
DP 902 - Statute Printing Book Costs										
0.00	0	0	0	0		0.00	0	(9,000)	0	(9,000)
DP 903 - Billings Public Service Support										
0.50	0	14,113	0	14,113		0.50	0	14,152	0	14,152
DP 905 - NRIS Funding Increase										
0.00	0	19,390	0	19,390		0.00	0	19,390	0	19,390
DP 909 - Alternative Pay Plan Adjustment										
0.00	0	(141,093)	0	(141,093)		0.00	0	(141,093)	0	(141,093)
DP 911 - Commission Per Diem										
0.00	0	0	13,000	13,000		0.00	0	0	13,000	13,000
DP 913 - Travel Adjustment for Department Management										
0.00	0	4,396	0	4,396		0.00	0	6,549	0	6,549
DP 914 - Overtime for Department Management										
0.00	0	5,000	0	5,000		0.00	0	5,000	0	5,000
Total Other Present Law Adjustments										
0.50	\$0	(\$94,583)	\$6,246	(\$88,337)		0.50	\$0	(\$101,476)	\$6,219	(\$95,257)
Grand Total All Present Law Adjustments				(\$37,726)						(\$30,466)

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 901 - Office Maintenance & Small Equipment - The legislature approved a one-time-only, restricted appropriation for non-capital maintenance and office equipment. Over the past four years, fixed costs including utilities, janitorial services, and telephone charges at FWP's seven regional headquarters have increased. Consequently, routine building maintenance that does not rise to the level of capital expenditures has been delayed. Included in the delays have been such projects as painting, roofing, replacing tables and chairs in public meeting rooms, rewiring to support use of computer networks, and replacing windows. In addition, replacement of small office equipment, such as FAX machines, desktop photocopiers, cash registers, computers, and printers has been delayed.

DP 902 - Statute Printing Book Costs - The legislature approved a request to reduce funding by \$9,000 in the second year of the biennium to account for cyclical costs. Following each legislative session, FWP prints statute books to inform game wardens, other staff, and the public of relevant laws pertaining to FWP. This cost of approximately \$9,000 during the base year is cyclic and therefore is not needed during the second year of the biennium.

DP 903 - Billings Public Service Support - The legislature approved authority to add 0.50 FTE for support staff to enhance public service in the Billings regional office. This funding will be used to hire front-line support staff to answer phones, open mail, and provide customer service to the hundreds of thousands of visitors each year who visit the regional office seeking information.

DP 905 - NRIS Funding Increase - The legislature approved funding to increase FWP's contribution to NRIS core funding. FWP is identified as a "primary data source agency" for the Natural Resource Information System (NRIS); FWP has contributed funding to NRIS since 1985. NRIS has proposed restructuring that would allow it to move away from reliance on contracts, with a commensurate expansion of core funding from the general fund, RIT, and additional user agencies. In addition, contributions from agencies were re-evaluated based on use of NRIS resources and services. Based on that analysis, FWP's biennial assessment increased \$138,779 for the 2003 biennium.

DP 909 - Alternative Pay Plan Adjustment - The legislature approved a reduction to fund the department's alternative pay plan. In an effort to find internal funding for the plan, the department redirected funds from operations to personal services. In Department Management, redirected funding came from termination (by mutual agreement) of a contract with MSU for fish and wildlife extension, reduced spending on cooperative interagency projects and management planning, and reduced travel among the director's office staff.

DP 911 - Commission Per Diem - The legislature approved funding to cover commissioners' expenses. The budget system excluded all per diem paid to FWP Commissioners and an adjustment is needed to restore this budget. These funds will be used to pay expenses for travel, per diem, and other costs associated with meetings of the FWP Commission.

DP 913 - Travel Adjustment for Department Management - The legislature approved funding to adjust vehicle travel costs resulting from inflation and rate increases for FWP's internal fleet of vehicles. Fish, Wildlife and Parks manages a fleet of vehicles and aircraft for department use. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates is used to maintain the department's fleet and replace existing vehicles as needed. In order to comply with the legislative audit recommendations to keep rates commensurate with costs and spend down existing cash balances, the vehicle rates have been kept low.

DP 914 - Overtime for Department Management - The legislature approved authority to increase overtime budgets as a result of recent changes in the Department of Labor rules for compensatory time payouts. As a result of those rulings, the department anticipates a change in its use of compensatory time resulting in an increase of overtime costs.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction										
09	(1.02)	0	0	0	0	(1.02)	0	0	0	0
DP 904 - Hunting & Fishing License Research										
09	0.00	0	15,000	0	15,000	0.00	0	10,000	0	10,000
DP 906 - Cadastral Database										
09	0.00	0	9,000	0	9,000	0.00	0	9,000	0	9,000
DP 907 - Legislative Contract Authority										
09	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000
DP 908 - Geographic Information Systems										
09	1.50	0	65,236	0	65,236	1.50	0	65,463	0	65,463
DP 910 - Native Species Conservation and Restoration										
09	0.00	0	0	511,427	511,427	0.00	0	0	511,427	511,427
Total	0.48	\$0	\$89,236	\$711,427	\$800,663	0.48	\$0	\$84,463	\$711,427	\$795,890



2002 that would be used to gather demographics and perceptions on the quality of hunting or angling experiences. This information will be the basis for a mail survey in fiscal 2003 that presents license structure and fee information to sportsmen. The questionnaire will then ask hunters and anglers about their willingness and ability to pay for increases and/or changes in the license structure/fees.

DP 906 - Cadastral Database - The legislature approved restricted funding to continue FWP's contribution to funding the cadastral database. The 1999 legislature appropriated funds for a number of departments, including FWP, on a one-time-only basis to support creation of the cadastral database in order to standardize and simplify access to land ownership records. Development of the database is continuing. Once complete, the database will require maintenance.

DP 907 - Legislative Contract Authority - The legislature approved a one-time-only, restricted appropriation for legislative contract authority in order to spend federal funds for administrative support. Department management uses LCA funding to provide clerical and administrative support in regional offices where field staff are working on LCA projects.

DP 908 - Geographic Information Systems - The legislature approved funding to provide coordination, training, and support for the Geographic Information System (GIS). During the 2001 biennium, the department established a defined program within FWP to support the use of GIS.

DP 910 - Native Species Conservation and Restoration - The legislature approved a one-time-only, restricted appropriation to utilize Conservation and Reinvestment Act (CARA) funding for a wide range of projects. These federal funds will be used to expand efforts in the following areas: 1) state involvement in fisheries restoration to prevent listing under the Endangered Species Act (ESA); 2) recovery of and de-listing threatened and endangered species; 3) reducing conflicts with grizzly bears; 4) conservation of non-game species in need of management; 5) implementation of statewide bird conservation plans developed under the Partners in Flight Program; and 6) development of educational materials.

### **Language**

Item [Department Management] includes a total of \$138,780 for the 2003 biennium for the Montana Natural Resources Information System (NRIS). Quarterly payments must be made upon receipt of the bills from the State Library, up to the total amount appropriated.

Item [Cadastral Database] is a restricted appropriation for the cadastral database.

Item [LCA] is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in [this act] and must be requested as a new proposal to be continued into the 2003 biennium. LCA applies only to federal funds.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	349.24	8.50	5.25	362.99	8.50	5.25	362.99	362.99
Personal Services	12,666,881	1,804,442	412,022	14,883,345	1,890,110	404,149	14,961,140	29,844,485
Operating Expenses	23,946,366	30,910,687	7,465,449	62,322,502	(5,342,287)	3,157,569	21,761,648	84,084,150
Equipment	93,060	190,832	48,990	332,882	52,942	40,000	186,002	518,884
Grants	1,085,813	196,782	204,000	1,486,595	243,558	204,000	1,533,371	3,019,966
Benefits & Claims	0	3,500,000	0	3,500,000	0	0	0	3,500,000
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	540,000	540,000	540,000
Total Costs	\$37,792,120	\$36,602,743	\$8,130,461	\$82,525,324	(\$3,155,677)	\$4,345,718	\$38,982,161	\$121,507,485
General Fund	3,266,376	1,045,531	(8,861)	4,303,046	657,417	(8,936)	3,914,857	8,217,903
State/Other Special	19,857,864	28,963,210	4,619,582	53,440,656	(6,801,160)	948,592	14,005,296	67,445,952
Federal Special	14,667,880	6,594,002	3,519,740	24,781,622	2,988,066	3,406,062	21,062,008	45,843,630
Total Funds	\$37,792,120	\$36,602,743	\$8,130,461	\$82,525,324	(\$3,155,677)	\$4,345,718	\$38,982,161	\$121,507,485

### Agency Description

The Department of Environmental Quality is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations; and for siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and clean-up activities related to the federal and state superfund programs, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands.

### Summary of Legislative Action

The legislature approved present law changes in HB 2 adding 8.5 FTE in each year of the biennium and increasing base expenditures by \$2.0 million (\$1.4 million general fund) over the 2003 biennium compared to 2001 biennium. New proposals in HB 2 add 5.75 FTE and \$12.5 million over the biennium. Major budgetary issues include the following. The legislature:

- approved \$345,000 for database maintenance and \$1.3 million for database development. The department will move forward with converting multiple existing databases into a single "enterprise" database
- granted authority of \$5.7 million for various "base adjustments" over the biennium. This funding brought the department back to full funding levels. Increases in spending were made because of position vacancies, increases in contract costs, increased workloads, increases in non-state rent, and increased travel costs
- approved \$3.9 million of federal authority to provide grants to local watershed groups and review federal resource management plans as they relate to water quality objectives for non-point sources. In addition, the legislature approved \$1.1 million of authority to increase total maximum daily load efforts
- approved \$3.5 million in state special revenue authority to pay for orphan share costs. Orphan share costs are costs incurred for site cleanup when the responsible parties are bankrupt or otherwise defunct
- approved a biennial appropriation of \$30.5 million to utilize bond forfeitures to cleanup mine sites
- approved an appropriation of up to \$540,000 from the Resource Indemnity Trust (RIT) fund after the balance exceeds the \$100 million cap. This appropriation will provide funds to purchase securities. The securities will be used as part of a funding package for water treatment efforts at the former Zortman and Landusky mines
- added \$4.0 million state special revenue funds to implement Senate Bill 484 and purchase bonds for water treatment during mining reclamation projects
- approved \$0.8 million of federal special revenue and 1.0 FTE for public water system operator training
- added \$0.6 million state special and federal special revenue to spend an extension on leaking underground storage tank grant funds. No additional duties were added to the department in connection to this grant



**Other Legislation**

House Bill 4 - HB 4 appropriates money that would usually be appropriated by the budget amendment process for fiscal 2001. This bill appropriates \$0.8 million for fiscal 2001 to the Department of Environmental Quality for various projects including environmental impact statements, Total Maximum Daily Load special projects, and air quality database performance partnership grants.

House Bill 7 - The legislature appropriated RIT interest to the Department of Natural Resources and Conservation for reclamation and development projects. Included in the appropriation is just over \$1.7 million to the Department of Environmental Quality for: 1) a trust fund to ensure long-term water quality at Zortman-Landusky mine - \$300,000; 2) completion phase at the Pony Mill site - \$291,191; 3) organic soil amendments - \$300,000; 4) Ruby Gulch Tailings removal at the Zortman Mine; 5) coal bed methane gas environmental impact statement - \$250,000; and 6) Gregory Mine reclamation project - \$300,000. See the Long Range Planning section in Volume 4 for a list of specific projects funded in HB 7. There may not be enough money to fund all the projects in the 2003 biennium (see Resource Indemnity Trust in the "Agency Discussion" section for the Department of Natural Resources and Conservation).

House Bill 10 - The legislature appropriated federal oil overcharge money for various energy saving projects. Included in this appropriation is \$98,000 to the department for: 1) a grant to ethanol producers and consumers - \$3,000; 2) a grant to the National Center for Appropriate Technology to promote the use of soil monitors on irrigated land - \$5,000; and 3) a re-appropriation to fund the state energy program - \$90,000.

House Bill 12 - The legislature appropriated \$3.0 million of bond proceeds to the department to fund various energy conservation projects under the State Building Energy Conservation Program for state agencies listed in the legislation. In addition, \$100,000 of carryover federal oil overcharge money and \$450,000 of bond proceeds appropriated by past legislatures (but not spent) were appropriated to the department to prepare and implement energy conservation projects.

House Bill 69 - HB 69 revises the definitions, applicable fees, and mine performance bonding and appeal procedures of the metal mine reclamation laws. Due to increases in fees for the exploration licenses operating permits, just over \$15,000 additional state special revenue will be generated each fiscal year. In addition, HB 69 designates the hard-rock mining and reclamation account to be interest bearing and adds an irrevocable letter of credit as an acceptable performance bond. Further, the bill grants a licensee 60 days to negotiate a preliminary bond determination with the department and requires the department to issue a final bond determination in 30 days. Failure to post proper bond will render the applicant unable to continue mining or exploration until the bond issue is settled. These requirements clarify bonding requirements that previous statute did not address.

House Bill 462 - HB 462 would allow a petroleum storage tank owner or operator who would otherwise lose eligibility for reimbursement from the petroleum tank release cleanup fund by failing to remain in compliance with operational and cleanup requirements to potentially receive some reimbursement when the violations are corrected. In a typical year, the department issues five violation letters. The average cleanup cost is approximately \$11,200 per violation. If all violators complied, the cleanup fund would be decreased by \$56,000 per year.

House Bill 484 - At the beginning of fiscal 2003, this bill creates a hard-rock mining reclamation debt service fund and a new hard-rock mining reclamation special revenue account. The fund would be used to pay debt service on an authorized bond sale to fund reclamation work. Further, the bill allocates 8.5 percent of metalliferous mines license tax collections to the debt service fund and would eliminate the current law allocation of 8.5 percent of revenue from this tax to the orphan share fund. The effects of this legislation are increases in operating expenses primarily due to reclamation work at Beal Mountain Mine, Zortman Mine, Landusky Mine, and the CR Kendall Mine. The legislature appropriated \$4.0 million from the account over the 2003 biennium to implement HB 484.

House Bill 499 - HB 499 creates a credit against air quality fees imposed by the Department of Environmental Quality for recycling of post-consumer glass. Costs associated with implementing HB 499 will be absorbed by existing budgets. However, air quality fees will decline by approximately \$50,400 each year of the 2003 biennium.

Senate Bill 161 - SB 161 allows the Board of Environmental Review to set solid waste management fees. The department will proceed with proposed rule making for the board to approve a fee increase to cover expenditures already authorized in HB 2.

Senate Bill 167 - SB 167 will increase the number of reviews of non-public water and sewer systems in subdivisions by 50 to 60 percent. Grants to counties will increase because the types of reviews proposed by counties are projected to change. Counties will conduct 70 to 80 percent of reviews. SB 167 increases the reimbursement to counties by approximately 20 percent each year. This translates to approximately \$204,000 in additional grant expenditures each fiscal year for which authority was provided in HB 2. DEQ will proceed with a rulemaking process to increase subdivision fees to cover the cost of the increase in grants.

Senate Bill 168 - SB 168 increases the junk vehicle disposal fees on passenger cars and trucks under 8,001 pounds gross vehicle weight by \$.50 to \$2.00. In addition, the annual license fee for motor vehicle wrecking facilities was also increased by \$50 to \$100. A companion bill, HB 524, would have added \$.15 to the fees contemplated by SB 168 to be used to contract for removal of abandoned vehicles. However, the Governor vetoed HB 524 and earmarked \$.15 of the increased fees in this bill to be used to contract for the removal of abandoned vehicles. Spending authority was granted through HB 2.

Senate Bill 378 - SB 378 authorizes the department to collect interest on past-due remedial action costs and to deposit those funds into the environmental quality protection fund. The department estimates that an additional \$24,000 in interest revenue will be generated each fiscal year.

Senate Bill 449 - SB 449 eliminates the hard-rock mining and reclamation account and opencut mining and reclamation account in the state special revenue fund and establishes an environmental rehabilitation and response account. All money previously going to the hard-rock and opencut accounts along with unclaimed bond forfeitures will be deposited into the new account. Existing fees will remain at current levels and money will be available to the department by appropriation to perform tasks such as reclamation and re-vegetation of land affected by mining activities and to respond to imminent threat of substantial harm to the environment. Unspent or unencumbered money in the account remains in the account until appropriated by the legislature. The legislature appropriated \$125,000 from the account to implement SB 449 in the 2003 biennium.

Senate Bill 506 - SB 506 amends the laws relating to alternative energy systems and creates a state special revenue account that will be used to provide loans to individuals and small businesses for building alternative energy systems. The loan program will be administered by the Department of Environmental Quality and will be funded by Air Quality Non-compliance fees. The bill allows for an administrative assessment of 10 percent of the loan amount. The legislature granted the department \$120,000 of state special revenue authority to fund the administration costs for loans generated under SB 506.



Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	349.24	370.74	362.99	(7.75)	370.74	362.99	(7.75)	
Personal Services	12,666,881	14,904,953	14,883,345	(21,608)	14,982,823	14,961,140	(21,683)	(43,291)
Operating Expenses	23,946,366	55,638,965	62,322,502	6,683,537	22,203,111	21,761,648	(441,463)	6,242,074
Equipment	93,060	404,550	332,882	(71,668)	158,576	186,002	27,426	(44,242)
Grants	1,085,813	1,282,595	1,486,595	204,000	1,329,371	1,533,371	204,000	408,000
Benefits & Claims	0	3,500,000	3,500,000	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	540,000	540,000	540,000
Total Costs	\$37,792,120	\$75,731,063	\$82,525,324	\$6,794,261	\$38,673,881	\$38,982,161	\$308,280	\$7,102,541
General Fund	3,266,376	4,655,294	4,303,046	(352,248)	4,251,752	3,914,857	(336,895)	(689,143)
State/Other Special	19,857,864	49,188,159	53,440,656	4,252,497	13,154,133	14,005,296	851,163	5,103,660
Federal Special	14,667,880	21,887,610	24,781,622	2,894,012	21,267,996	21,062,008	(205,988)	2,688,024
Total Funds	\$37,792,120	\$75,731,063	\$82,525,324	\$6,794,261	\$38,673,881	\$38,982,161	\$308,280	\$7,102,541

### Executive Budget Comparison

The legislature approved increases of \$7.1 million over the biennium from the level proposed by the executive. Of that, general fund has been decreased by \$0.7 million, state special revenue increased by \$5.1 million, and federal special revenue increased by \$2.7 million. The general fund decrease of \$0.7 million over the biennium was accomplished primarily through decisions to reduce numerous decision packages containing general fund requests and through funding switches. Instead of using general fund, the legislature approved state special and federal authority to fund several project areas. In state special revenue, the largest increase came from \$4.0 million appropriated to implement SB 484 which, in part, creates a hard-rock mining reclamation special revenue account that will be used to pay debt service on an authorized bond sale to fund reclamation work.

The bulk of the additional federal special revenue authority is an additional \$2.5 million in federal grants from the U.S. Forest Service for water treatment at Zortman and Landusky mines. In addition, the legislature appropriated \$540,000 from the Resource Indemnity Trust (RIT) fund balance after it reaches \$100 million to buy a zero coupon bond. The bond will also be used as part of a larger funding package to treat water at the Zortman and Landusky mines. For a further discussion of RIT, see the Department of Natural Resources and Conservation "Agency Discussion" in Volume 4 of the Fiscal Report.

### Language

Items [Planning, Prevention, and Assistance; Remediation; and Permitting and Compliance] include a total of \$177,855 for the 2003 biennium for the Montana Natural Resources Information System. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.

Item [Permitting and Compliance; Statewide Travel Reduction] includes a reduction of general fund of \$7,328 in fiscal year 2002 and \$7,328 in fiscal year 2003. This reduction is the equivalent of an 8 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Permitting and Compliance] includes a reduction of \$21,608 general fund in fiscal 2002 and \$21,683 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	1,350	694	0	2,044	694	0	2,044	4,088
Operating Expenses	16,072	302,183	0	318,255	2,191	0	18,263	336,518
<b>Total Costs</b>	<b>\$17,422</b>	<b>\$302,877</b>	<b>\$0</b>	<b>\$320,299</b>	<b>\$2,885</b>	<b>\$0</b>	<b>\$20,307</b>	<b>\$340,606</b>
General Fund	14,041	302,877	0	316,918	2,885	0	16,926	333,844
Federal Special	3,381	0	0	3,381	0	0	3,381	6,762
<b>Total Funds</b>	<b>\$17,422</b>	<b>\$302,877</b>	<b>\$0</b>	<b>\$320,299</b>	<b>\$2,885</b>	<b>\$0</b>	<b>\$20,307</b>	<b>\$340,606</b>

### Program Description

The Central Management Division consists of the Director's Office and a Centralized Services office. The Director's Office includes the director's staff, a centralized Legal Services Unit, and a centralized Personnel Office. The Central Management Division is responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The Centralized Services office provides budgeting, accounting, payroll, procurement, contract management, and information technology services support to other divisions.

### Funding

The primary functions of this division are funded with proprietary funds (non-budgeted) and are not appropriated in HB 2. A discussion of the proprietary rates to support the function follows. The funding in HB 2 consists of general fund for Board of Environmental Review expenses. Table 1 details the Central Management Program's funding sources.

Table 1  
Environmental Quality  
Centralized Management Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	<u>\$14,041</u>		<u>\$316,918</u>		<u>\$16,926</u>	
Subtotal -- General Fund	14,041	80.6%	316,918	98.9%	16,926	83.4%
EPA Performance Partnership Grant	<u>3,381</u>		<u>3,381</u>		<u>3,381</u>	
Subtotal -- Federal	3,381	19.4%	3,381	1.1%	3,381	16.6%
<b>Total Funding</b>	<b><u>\$17,422</u></b>	<b>100.0%</b>	<b><u>\$320,299</u></b>	<b>100.0%</b>	<b><u>\$20,307</u></b>	<b>100.0%</b>



Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					(1,350)					(1,350)
Vacancy Savings					0					0
Inflation/Deflation					67					106
Fixed Costs					0					0
Total Statewide Present Law Adjustments					(\$1,283)					(\$1,244)
DP 2 - Board of Environ. Review Base Adjustments										
	0.00	4,266	0	0	4,266	0.00	4,235	0	0	4,235
DP 46 - DEQ Database Development										
	0.00	150,000	0	0	150,000	0.00	0	0	0	0
DP 57 - Legal Challenges										
	0.00	150,000	0	0	150,000	0.00	0	0	0	0
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(106)	0	0	(106)	0.00	(106)	0	0	(106)
Total Other Present Law Adjustments										
	0.00	\$304,160	\$0	\$0	\$304,160	0.00	\$4,129	\$0	\$0	\$4,129
Grand Total All Present Law Adjustments					\$302,877					\$2,885

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Board of Environ. Review Base Adjustments - The legislature approved funds for Board of Environmental Review per diem and travel costs to bring the zero-based per diem amount for board members back to the same level as the 2001 biennium, as well as provide increased travel expenses for board members due to anticipated changes in the makeup of the board. The legislature also provided for a small increase in indirect costs, in proportion to the increased per diem costs.

DP 46 - DEQ Database Development - The legislature approved a restricted, biennial, one-time-only, general fund appropriation to continue the department's database development consolidation project started during the previous biennium.

DP 57 - Legal Challenges - The legislature approved a one-time-only, biennial appropriation of \$150,000 general fund to respond to a variety of legal challenges to the department's permitting and bonding actions. This funding will be used to hire outside expert legal services for: 1) cases that require specialized legal counsel; 2) minimizing the cost when a short hearing is a long distance away; 3) large complex cases that would take time away from regular caseload; and 4) cases that require local counsel.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

### Proprietary Rates

#### Program Description

The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The indirect pool consists of expenditures from the Director's Office, Personnel and Legal units, Central Services Administration, and the Fiscal Management, Contracts and Procurement, Systems Solutions, and Systems Administration Bureaus.

**Revenues and Expenses**

The department anticipates negotiating an indirect cost rate with the U.S. Environmental Protection Agency (EPA) of approximately 24 percent in fiscal 2002 and fiscal 2003. Revenues generated by the current indirect cost rate fund 42.00 FTE.

**Rate Explanation**

The department negotiates an annual indirect cost rate with EPA. The approved rate is a fixed rate. This rate is applied against the personal services charged within each division of the department, other than the Central Management Program.

The legislature approved increasing the indirect cost rate from the 23 percent approved in the last legislative session to 24 percent. The proposed one percent increase will fund the transfer of 6.50 FTE from other department programs to the Central Management Program in an effort to centralize the information technology function of the department and fund 2.00 FTE that were authorized by the 1999 legislature, but remain vacant. In addition, the rate increase includes base adjustments, equipment, and software upgrades.

The department's indirect cost rate is determined based on guidelines prescribed by the federal government. In addition, the department complies with 17-3-111, MCA, which requires agencies to negotiate a rate that would recover indirect costs to the fullest extent possible. In order to comply with this law, the legislature approved a rate that may vary slightly from the rate the department actually negotiates with EPA. The rate approved by the legislature is considered a cap and therefore, the department cannot negotiate for a rate higher than what has been approved by the legislature. However, the rate negotiated with EPA may be slightly lower.

**Significant Present Law**

The legislature approved present law proposals to transfer 6.50 FTE each year from programs 20, 30, 40, and 50 to program 10. The amount being transferred is \$301,066 and \$285,916 for fiscal 2002 and fiscal 2003, respectively. This includes personal services costs, as well as operating costs associated with these positions. These costs represent 2 percent of the total indirect cost rate of 24 percent. There is no effect on the unreserved fund balance.



Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	90.54	2.00	7.50	100.04	2.00	7.50	100.04	100.04
Personal Services	3,418,419	446,901	363,903	4,229,223	468,059	354,955	4,241,433	8,470,656
Operating Expenses	3,670,135	2,311,792	2,472,204	8,454,131	1,880,440	2,355,843	7,906,418	16,360,549
Equipment	65,085	100,000	40,000	205,085	0	40,000	105,085	310,170
Grants	39,507	(39,507)	0	0	(39,507)	0	0	0
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$7,193,146</b>	<b>\$2,819,186</b>	<b>\$2,876,107</b>	<b>\$12,888,439</b>	<b>\$2,308,992</b>	<b>\$2,750,798</b>	<b>\$12,252,936</b>	<b>\$25,141,375</b>
General Fund	1,747,869	395,389	8,900	2,152,158	386,832	8,900	2,143,601	4,295,759
State/Other Special	911,584	151,948	60,000	1,123,532	146,927	60,000	1,118,511	2,242,043
Federal Special	4,533,693	2,271,849	2,807,207	9,612,749	1,775,233	2,681,898	8,990,824	18,603,573
<b>Total Funds</b>	<b>\$7,193,146</b>	<b>\$2,819,186</b>	<b>\$2,876,107</b>	<b>\$12,888,439</b>	<b>\$2,308,992</b>	<b>\$2,750,798</b>	<b>\$12,252,936</b>	<b>\$25,141,375</b>

### Program Description

The division 1) monitors air and water quality conditions and trends, and assesses sources and severity of pollution problems; 2) works in the areas of air quality, water quality, land conservation, and energy efficiency to find ways to prevent pollution before it occurs; 3) provides planning for energy, watershed, air-shed, and solid and hazardous waste management; 4) helps develop water Total Maximum Daily Loads (TMDL); 5) coordinates department positions on environmental legislation, proposes rules and policy, and develops environmental protection criteria; 6) provides economic modeling and analysis; 7) finances energy retrofits of public buildings, as well as construction and improvement of community drinking water and wastewater systems; and 8) provides technical assistance, education, and outreach regarding energy efficiency, occupational health, indoor air quality and radon. The division consists of the Monitoring and Data Management, Pollution Prevention, Resource Protection Planning, and Technical and Financial Assistance Bureaus.

### Funding

This division is funded from general fund and numerous sources of state and federal special revenue. Specific funding sources for the division are shown in Table 2. The primary state special revenue funding sources are from air quality operating permit fees set by the Board of Environmental Quality according to 75-2-220, MCA, and interest earnings from the Resource Indemnity Trust deposited in the Hazardous Waste/CERCLA account. General fund is used primarily for the TMDL program, resource planning and prevention, and administration. The remainder is spread among a number of program functions.

The largest federal funding sources are the EPA performance partnership grant, which is a block grant to fund a wide-range of environmental activities; non-point source pollution control funding, a portion of which is used to fund the TMDL program; and EPA funding from the clean water action plan for non-point source pollution control and allowable administrative costs for the drinking water state revolving fund. The 1997 legislature moved most of the federal non-point source pollution funds from this division to the Department of Natural Resources and Conservation. However, due to executive reorganization, these funds are appropriated in this division.

Table 2  
Environmental Quality  
Planning, Prevention, & Assistance Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	\$1,747,869		\$2,152,158		\$2,143,601	
Subtotal -- General Fund	1,747,869	24.3%	2,152,158	16.7%	2,143,601	17.5%
State Special Revenue			60,000		60,000	
Hazardous Waste-Cercla	112,105		159,922		159,671	
Solid Waste Management Fee	61,838		68,785		68,333	
Air Quality - Operating Fees	549,199		578,350		574,428	
ARCO	2,305		30,405		30,405	
Agriculture Monitoring	3,911		4,978		4,978	
NPDES Permit Program	67,642		89,189		88,279	
GO94B/Ban 93D Adm. General Oblig. Bonds	54,602		76,280		76,585	
Misc. State Special Revenue	59,982		55,623		55,832	
Subtotal -- State Special Revenue	911,584	12.7%	1,123,532	8.7%	1,118,511	9.1%
EPA/Drinking Water SRF	193,262		616,719		589,510	
Ambeint Air Monitoring			250,612		248,926	
EMAP Grant			180,444		175,869	
Wastewater Treatment Grant	273,227		406,928		404,444	
NPS Implementation Grant	1,210,463		3,579,449		3,557,869	
EPA PPG	1,395,358		1,713,875		1,705,582	
Wetlands Grant	260,631		358,464		355,040	
EPA/ Fed Misc.Special Projects			100,000			
EPA/ One Stop Program			450,000			
EPA Water Quality 205J	205,495		270,626		287,828	
EPA- Construction Grants	250,445		69,802		69,249	
EPA-St. Rev. Fnd.-Drinking Water 1998 Grant	266,514		8,892		8,920	
Drinking Water St. Revol. Fund 99			562,196		564,156	
MDOT-STIP/TMDL			59,993		56,674	
Subtotal -- Federal	4,533,693	63.0%	9,612,749	74.6%	8,990,824	73.4%
Total Funding	\$7,193,146	100.0%	\$12,888,439	100.0%	\$12,252,936	100.0%



Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				540,661					563,064	
Vacancy Savings				(108,949)					(109,621)	
Inflation/Deflation				9,360					15,801	
Fixed Costs				34,336					35,830	
Total Statewide Present Law Adjustments				\$475,408					\$505,074	
DP 1 - TMDL-Total Maximum Daily Load Program	4.00	177,446	0	414,717	592,163	4.00	154,225	0	402,347	556,572
DP 3 - Base Adjustment To Administration	0.00	17,196	2,684	9,541	29,421	0.00	15,340	2,395	8,511	26,246
DP 4 - Base Adjustment To Resource Protection Plan	0.00	68,226	(64,066)	154,140	158,300	0.00	65,110	(65,464)	147,102	146,748
DP 5 - Base Adjustment To Pollution Prevention	0.00	7,678	10,736	627,870	646,284	0.00	6,776	8,814	599,147	614,737
DP 6 - Base Adjustment To Tech & Fin Assistance	0.00	24,446	0	298,913	323,359	0.00	23,696	0	287,081	310,777
DP 7 - Base Adjustment to Monitoring & Data Management	0.00	62,605	50,001	89,694	202,300	0.00	65,439	48,130	84,865	198,434
DP 28 - Move IT Positions To Central Management Program	(2.00)	(8,340)	(6,960)	(85,061)	(100,361)	(2.00)	(7,912)	(6,603)	(80,693)	(95,208)
DP 45 - One Stop Grant For Database	0.00	0	0	450,000	450,000	0.00	0	0	0	0
DP 60 - Source Water Assessment-SRF	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 77 - Lease Vehicles	0.00	0	3,714	13,829	17,543	0.00	0	4,417	16,720	21,137
DP 696 - Data Network Fixed Cost Reduction	0.00	(728)	0	(388)	(1,116)	0.00	(728)	0	(388)	(1,116)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(5,652)	(3,909)	(13,886)	(23,447)	0.00	(5,666)	(3,919)	(13,920)	(23,505)
DP 699 - Vacancy Savings at 4 Percent	0.00	(12,400)	(6,384)	(31,884)	(50,668)	0.00	(12,452)	(6,418)	(32,034)	(50,904)
Total Other Present Law Adjustments										
	2.00	\$330,477	(\$14,184)	\$2,027,485	\$2,343,778	2.00	\$303,828	(\$18,648)	\$1,518,738	\$1,803,918
Grand Total All Present Law Adjustments				\$2,819,186					\$2,308,992	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - TMDL-Total Maximum Daily Load Program - The legislature approved funding to accelerate the development of total maximum daily loads (TMDLs) to meet the statutory deadline of 2007. The funding includes 4.0 FTE. The department must complete TMDLs for over 860 water bodies by 2007. The department received staffing and resources from the 1997 and 1999 legislatures to develop a TMDL program and work towards meeting the 2007 deadline. Over the first four years of the program, the department developed methods to list, de-list, and prioritize water bodies for TMDL development. The department also completed 128 point source TMDLs and four non-point source TMDLs. The additional staff will perform monitoring, modeling, and assessment duties and provide technical and financial support to local conservation districts and watershed advisory groups to develop water restoration plans and TMDLs.

DP 3 - Base Adjustment To Administration - The legislature approved funding for indirect cost increases in the adjusted base budgets for fiscal 2002 and fiscal 2003.

DP 4 - Base Adjustment To Resource Protection Plan - The legislature approved funding for a base budget adjustment in the Resource Protection Planning Bureau and to fund increased operating costs due to higher rates for in-state lodging and indirect charges.

DP 5 - Base Adjustment To Pollution Prevention - The legislature approved funding to re-establish the base budget for the Pollution Prevention Bureau. The base budget contains a deficit in operating expenditures because of staff turnover and resulting vacancies, and delays in hiring new FTE that were allocated for fiscal 2000. The Environmental Protection Agency (EPA) did not approve the source water protection program that is part of the new drinking water state revolving fund as quickly as expected. According to the department, this caused delays in hiring new staff to work on the program and delayed contracting for services under the program. In addition, staff vacancies in other programs resulted in fewer contracts being awarded under other federal environmental and energy efficiency programs.

DP 6 - Base Adjustment To Tech & Fin Assistance - The legislature approved funding to re-establish the base budget for the Technical and Financial Assistance Bureau. The base budget contains a deficit in operating expenditures because of staff turnover and delays in contract implementation. This base adjustment also contains contracted services in the amount of \$100,000 for technical assistance to public water supplies for managerial and financial capacity development.

DP 7 - Base Adjustment to Monitoring & Data Management - The legislature appropriated funds to the Monitoring and Data Management Bureau to fund increased operating costs, including: 1) higher rates for in-state lodging and indirect charges; 2) safety improvements and maintenance requirements at air monitoring sites; 3) increased administrative support; 4) transfer of smoke management program responsibilities from another department bureau; 5) increased contracted services costs for a largely privately-sponsored Clark Fork monitoring program; and 6) replacement of currently owned vehicles with state motor pool leased vehicles.

DP 28 - Move IT Positions To Central Management Program - The legislature approved a negative adjustment of \$195,569 for the 2003 biennium to reflect transfer of 2.0 FTE to the Central Management Program. The department states it is moving the positions to increase efficiencies and provide centralized management of information technology (IT) activities.

DP 45 - One Stop Grant For Database - The legislature approved a one time-only, biennial appropriation of \$450,000 to enhance environmental information through information technology activities. The one-stop federal grant is furnished to those states that have demonstrated an initiative and the capability to further the goals of the Environmental Protection Agency (EPA) in regard to information technology. The goals of the one stop program are to consolidate and catalogue regulated entities, and provide for data sharing with other government agencies and the public. This grant will provide the Montana Department of Environmental Quality with additional resources to enhance on-going data conversions of air, water and waste databases into an "enterprise" Oracle environment.

DP 60 - Source Water Assessment-SRF - The legislature approved funding to provide technical assistance and administration of the source water program. The source water protection program is authorized under the 1996 amendments to the federal safe drinking water act. This act allows for an annual set-aside to provide technical assistance and administration of the source water program from the drinking water state revolving fund.

DP 77 - Lease Vehicles - The legislature approved funding to replace owned vehicles with leased vehicles. The division currently owns a minivan, pickup, and two sedans with an average mileage on these vehicles of over 150,000.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.



DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 2 - TMDL Quality Assurance Quality Control										
20	2.00	0	0	55,151	55,151	2.00	0	0	43,811	43,811
DP 3 - TMDL/Transportation Improvement										
20	1.00	0	0	59,993	59,993	1.00	0	0	56,674	56,674
DP 5 - Nonpoint Source Supplemental Funding										
20	1.00	0	0	1,928,973	1,928,973	1.00	0	0	1,928,973	1,928,973
DP 6 - State Energy Prgm Special Projects										
20	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000
DP 7 - Environmental Monitoring and Assessment										
20	1.00	0	0	180,444	180,444	1.00	0	0	175,869	175,869
DP 11 - Air Monitoring Assistance to Tribal Air Program										
20	2.00	0	0	108,464	108,464	2.00	0	0	103,772	103,772
DP 13 - NRIS Core Funding										
20	0.00	8,900	0	16,000	24,900	0.00	8,900	0	16,000	24,900
DP 25 - Technical Assistance										
20	(1.00)	0	0	(162,602)	(162,602)	(1.00)	0	0	(162,300)	(162,300)
DP 26 - Wastwater Technical Assistance										
20	1.00	0	0	70,000	70,000	1.00	0	0	70,000	70,000
DP 59 - Particulate Matter (2.5) Monitoring										
20	3.00	0	0	250,784	250,784	3.00	0	0	249,099	249,099
DP 78 - Flathead Lake Biological Monitoring Station										
20	0.00	0	0	100,000	100,000	0.00	0	0	0	0
DP 79 - SB 506 -- Alternative Energy Revolving Loan Account										
20	0.00	0	60,000	0	60,000	0.00	0	60,000	0	60,000
DP 99 - Modified Level FTE To Current Level										
20	1.00	0	0	0	0	1.00	0	0	0	0
DP 689 - FTE Reduction										
20	(3.50)	0	0	0	0	(3.50)	0	0	0	0
<b>Total</b>	<b>7.50</b>	<b>\$8,900</b>	<b>\$60,000</b>	<b>\$2,807,207</b>	<b>\$2,876,107</b>	<b>7.50</b>	<b>\$8,900</b>	<b>\$60,000</b>	<b>\$2,681,898</b>	<b>\$2,750,798</b>

### New Proposals

DP 2 - TMDL Quality Assurance Quality Control - The legislature approved funding to provide separate quality assurance and quality control functions for all water quality monitoring data collected. This will ensure that data are valid and defensible, and that decisions are based on sufficient credible data. The cost of hiring new FTE includes data network charges, telephone expenses, and computer purchases.

DP 3 - TMDL/Transportation Improvement - The legislature approved funding to review projects identified in the state transportation improvement program. Federal funds will be available under the Transportation Efficiency Act of 1997. The department will hire 1.0 FTE to review and evaluate transportation projects during the early stages of planning to identify projects that may cause significant adverse impacts on water quality or projects that may correct historical damage caused by transportation projects. The FTE will assist MDT to design projects and suggest cost-effective project modifications that can correct past environmental damage and qualify as total maximum daily loads.

DP 5 - Nonpoint Source Supplemental Funding - The legislature approved funding to continue the appropriation authorized last session to support non-point source grant activities and to increase the appropriation amount in anticipation of additional federal funding. The program received authorization to use the next two annual installments of the federal non-point source grant funds. Through a competitive process, funding will be made available to conservation districts, local watershed groups, and other organizations for watershed restoration projects. The project sponsors provide the match required for the federal grant. The program also funds 1.0 FTE and associated operating costs to provide non-point

source information and education to conservation groups, watershed groups, and other organizations and individuals. The position will also review federal resource management plans for consistency with department water quality objectives for non-point sources.

DP 6 - State Energy Program Special Projects - The legislature approved funding to complete competitive grant applications with the U.S. Department of Energy. Over the past few years, the U.S. Department of Energy (DOE) has begun to place increasing emphasis on competitive solicitations rather than on population-based formula grants for funding energy programs. This funding will provide funding for Montana to apply for competitive grants targeted for specific activities, technologies, or audiences. The department prioritizes options and submits proposals to DOE. Often, the department proposals to DOE involve partnering and cost sharing with other entities such as the Montana Power Company.

DP 7 - Environmental Monitoring and Assessment - The legislature approved funding to increase grant amounts for the national water quality monitoring program. Montana has received a federal grant for the state portion of a national water quality monitoring program that is designed to gather chemical, physical, and biological data for approximately 40 randomly selected lakes and streams per year over a five year period. The department will hire 1.0 FTE to manage the project and three contractors will be hired seasonally to assist with field activities.

DP 11 - Air Monitoring Assistance to Tribal Air Program - The legislature granted one-time authority to use a federal grant to provide technical assistance to the air quality monitoring programs of the Blackfeet, Northern Cheyenne, Fort Peck, and Confederated Salish and Kootenai tribes. The cost of hiring 2.0 FTE includes data network charges, telephone expenses, and a computer purchase.

DP 13 - NRIS Core Funding - The legislature approved funding for the Planning, Prevention and Assistance Division's share of funding of the Montana State Library Natural Resource Information System (NRIS). The funding is based upon a three-year average use of NRIS by several departments.

DP 25 - Technical Assistance - The legislature approved a reduction in the wastewater technical assistance program. This reduction was initially part of a change in funding from federal special to general fund. The executive initially requested a companion decision package, DP 26, to be funded with general fund. The legislature approved the reduction in federal funding for this decision package and also approved DP 26. However, the legislature funded DP 26 at a reduced amount with federal special revenue rather than general fund.

DP 26 - Wastewater Technical Assistance - The legislature approved funding for the wastewater technical assistance program. The technical and financial assistance bureau receives funds from the environmental protection agency (EPA) for activities directly related to administration of the water pollution control state revolving fund program (SRF).

DP 59 - Particulate Matter (2.5) Monitoring - The legislature approved restricted federal appropriation authority and 3.0 FTE for air pollution monitoring of fine particulates. The federal grant would continue at approximately its present level, but Montana must continue to administer a fine particulate monitoring program. The federal grant supports the approved 3.0 FTE.

DP 78 - Flathead Lake Biological Monitoring Station - The legislature approved funding for the Flathead Lake Biological Monitoring Station. This funding is contingent upon receipt of Environmental Protection Agency 104b(3) funding. The funding will be used by the monitoring station to support TMDL projects within the department's priority list.

DP 79 - SB 506 - Alternative Energy Revolving Loan Account - The legislature approved funding to implement SB 506. This bill appropriates up to \$60,000 in state special revenue funds in fiscal 2002 and fiscal 2003 used to pay alternative energy revolving loan administration costs associated with the implementation of SB 506, which creates a special revenue account that will be used to provide loans to individuals and small businesses for building alternative energy systems. In



addition, the bill increases the tax credit for capital expenditures for energy conserving investments from 5 percent of expenditures up to a maximum credit of \$150, to 25 percent of expenditures up to a maximum credit of \$500.

DP 99 - Modified Level FTE To Current Level - The legislature approved a transfer of operational authority of \$84,591 in the 2003 biennium to create 1.0 FTE for a wetlands grants manager. The EPA asked DEQ to increase oversight of the wetland conservation grants and agreed to furnish funding for a position to provide that oversight in 1997. Funding has been provided consistently the past few years and is anticipated to be ongoing.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

### **Language**

The department is authorized to decrease federal special revenue money in the pollution control and the drinking water revolving fund loan programs and increase state special revenue money by a like amount within the special administration account.

Item [Flathead Lake Biological Monitoring Station] is contingent upon receipt of Environmental Protection Agency 104b(3) ecosystem protection grant funds for the purposes of water quality monitoring and assessment activities. Upon receipt, the department shall contract with the Flathead Lake biological monitoring station for up to \$100,000 of these funds in support of department priority total maximum daily load monitoring and assessment projects.

The funds appropriated in item [SB 506 Alternative Energy Revolving Loan] are from the alternative energy revolving loan account created in Senate Bill 506. The funding must be spent for administration of the loan program subject to restrictions provided in Senate Bill 506.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	17.25	(0.50)	0.00	16.75	(0.50)	0.00	16.75	16.75
Personal Services	697,088	6,679	0	703,767	9,769	0	706,857	1,410,624
Operating Expenses	331,235	54,661	0	385,896	42,739	0	373,974	759,870
<b>Total Costs</b>	<b>\$1,028,323</b>	<b>\$61,340</b>	<b>\$0</b>	<b>\$1,089,663</b>	<b>\$52,508</b>	<b>\$0</b>	<b>\$1,080,831</b>	<b>\$2,170,494</b>
General Fund	501,560	36,196	0	537,756	24,239	0	525,799	1,063,555
State/Other Special	170,063	8,949	0	179,012	9,972	0	180,035	359,047
Federal Special	356,700	16,195	0	372,895	18,297	0	374,997	747,892
<b>Total Funds</b>	<b>\$1,028,323</b>	<b>\$61,340</b>	<b>\$0</b>	<b>\$1,089,663</b>	<b>\$52,508</b>	<b>\$0</b>	<b>\$1,080,831</b>	<b>\$2,170,494</b>

### Program Description

The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. The division maintains a citizen complaint clearinghouse and information tracking system. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

### Funding

This division is funded primarily with general fund and federal funds, with minor amounts of various state special revenue sources that allow enforcement activity. Specific funding sources for the division are shown in Table 3.

Table 3 Environmental Quality Enforcement Division						
	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	<u>\$501,560</u>		<u>\$537,756</u>		<u>\$525,799</u>	
Subtotal -- General Fund	501,560	48.8%	537,756	49.4%	525,799	48.6%
UST Leak Prevention Program	53,285		56,721		57,045	
Environmental Quality Protection	4,628		4,814		4,841	
Air Quality - Operating Fees	54,598		58,173		58,506	
Public Drinking Water	15,553		16,311		16,404	
NPDES Permit Program	38,225		37,733		37,948	
Reclamation and Development	<u>3,774</u>		<u>5,260</u>		<u>5,291</u>	
Subtotal -- State Special Revenue	170,063	16.5%	179,012	16.4%	180,035	16.7%
DEQ- Federal AML Grant			11,865		11,905	
DSL Federal SL Reclamation Grant	19,953		19,765		19,877	
LUST/ Trust	34,088		36,492		36,701	
NPS Implementation Grant	57,613		60,248		60,590	
EPA Performance Partnership Grant	<u>245,046</u>		<u>244,525</u>		<u>245,924</u>	
Subtotal -- Federal	356,700	34.7%	372,895	34.2%	374,997	34.7%
<b>Total Funding</b>	<b><u>\$1,028,323</u></b>	<b>100.0%</b>	<b><u>\$1,089,663</u></b>	<b>100.0%</b>	<b><u>\$1,080,831</u></b>	<b>100.0%</b>



Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				58,349					61,691
Vacancy Savings				(20,831)					(20,958)
Inflation/Deflation				1,399					2,413
Fixed Costs				5,288					5,910
<b>Total Statewide Present Law Adjustments</b>				<b>\$44,205</b>					<b>\$49,056</b>
DP 8 - Enforcement Division Base Adjustment									
0.00	59,038	0	0	59,038	0.00	44,501	0	0	44,501
DP 29 - IT Positions To CMP - Pgm 30									
(1.00)	(25,305)	(9,241)	(18,646)	(53,192)	(1.00)	(24,909)	(9,096)	(18,354)	(52,359)
DP 35 - Legal Staff Changes - PGM 30									
0.50	0	4,333	20,607	24,940	0.50	0	4,348	20,676	25,024
DP 696 - Data Network Fixed Cost Reduction									
0.00	(179)	0	0	(179)	0.00	(179)	0	0	(179)
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	(1,682)	(860)	(1,802)	(4,344)	0.00	(1,690)	(863)	(1,812)	(4,365)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(4,452)	(1,510)	(3,166)	(9,128)	0.00	(4,472)	(1,517)	(3,181)	(9,170)
<b>Total Other Present Law Adjustments</b>									
(0.50)	\$27,420	(\$7,278)	(\$3,007)	\$17,135	(0.50)	\$13,251	(\$7,128)	(\$2,671)	\$3,452
<b>Grand Total All Present Law Adjustments</b>				<b>\$61,340</b>					<b>\$52,508</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 8 - Enforcement Division Base Adjustment - The legislature approved funding for operating increases resulting from the reclassification of an existing FTE to a technical position. This reclassification will increase operating, lab analysis, and travel costs.

DP 29 - IT Positions To CMP - Program 30 - The legislature approved funding to transfer 1.0 FTE in the Enforcement Division to the Central Management Program. DEQ continues to refine its internal structure since the department was organized by the 1995 legislature. To increase efficiencies and provide centralized management of information technology (IT), the department is moving IT services into the new IT bureau located within the Centralized Services Division.

DP 35 - Legal Staff Changes - PGM 30 - The legislature approved funding to transfer 0.5 FTE from program 50 to address enforcement cases. The Enforcement Division used an increased number of attorney hours (the equivalent of 3.0 FTE) in fiscal 2000.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	79.75	4.00	(1.25)	82.50	4.00	(1.25)	82.50	82.50
Personal Services	2,589,257	637,462	0	3,226,719	657,115	0	3,246,372	6,473,091
Operating Expenses	6,789,887	1,264,890	472,610	8,527,387	894,461	397,610	8,081,958	16,609,345
Equipment	0	30,000	0	30,000	0	0	0	30,000
Grants	5,894	0	0	5,894	0	0	5,894	11,788
Benefits & Claims	0	3,500,000	0	3,500,000	0	0	0	3,500,000
<b>Total Costs</b>	<b>\$9,385,038</b>	<b>\$5,432,352</b>	<b>\$472,610</b>	<b>\$15,290,000</b>	<b>\$1,551,576</b>	<b>\$397,610</b>	<b>\$11,334,224</b>	<b>\$26,624,224</b>
State/Other Special	2,659,229	4,395,834	158,978	7,214,041	600,082	83,978	3,343,289	10,557,330
Federal Special	6,725,809	1,036,518	313,632	8,075,959	951,494	313,632	7,990,935	16,066,894
<b>Total Funds</b>	<b>\$9,385,038</b>	<b>\$5,432,352</b>	<b>\$472,610</b>	<b>\$15,290,000</b>	<b>\$1,551,576</b>	<b>\$397,610</b>	<b>\$11,334,224</b>	<b>\$26,624,224</b>

### Program Description

The Remediation Division is responsible for: 1) overseeing investigation and cleanup activities at state and federal superfund sites; 2) reclaiming abandoned mine lands; 3) regulating, permitting, and licensing underground storage tanks (UST); 4) implementing corrective actions at sites with leaking UST; 5) providing staff support for processing eligibility applications and claims submitted to the Petroleum Tank Release Compensation Board for cleanup funds; and 6) overseeing groundwater remediation at sites where agricultural and industrial chemical spills have caused groundwater contamination. The purposes of these activities are: 1) to protect human health and the environment; 2) prevent exposure of potential human and ecological receptors to hazardous or deleterious substances that have been released to soil, sediment, surface water, or groundwater; and 3) ensure compliance with applicable state and federal regulations. The division works closely with the board, which provides financial assistance for cleanup of petroleum-contaminated leaking UST sites. The board is attached to the Department of Environmental Quality for administrative purposes.

### Funding

Specific funding sources for the division are shown in Table 4. State special funding sources include: 1) revenue from the \$0.0075 gas tax for petroleum tank cleanup; 2) Resource Indemnity Trust (RIT) interest (deposited to the environmental quality protection fund); 3) metalliferous mines and a portion of the resource indemnity and groundwater tax revenues (deposited to the orphan share account); and 4) underground storage tank registration fees.

Federal funding sources include: 1) a federal tax on Montana's coal production of which up to 50 percent is returned to the state for abandoned mine reclamation; 2) money from the U.S. Environmental Protection Agency (including superfund, leaking underground storage tank trust, and performance partnership grants); and 3) money from as of yet unidentified federal entities that may partner with the division in cleanup activities.

Table 4  
Environmental Quality  
Remediation Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
UST-Installer license & Permit	\$63,496		\$115,243		\$115,812	
Petroleum Storage Tank Cleanup	1,302,669		1,777,234		1,630,888	
EMT Certification	3,834		0		0	
BN Activity	142,778		149,286		149,761	
Hazardous Waste-Cercla	189,716		251,659		248,616	
UST Leak Prevention Program	221,289		430,660		365,262	
Misc. State Special Revenue	5,923		0		0	
Environmental Quality Protection	623,366		950,959		793,880	
ARCO	2,333		2,350		2,362	
Agriculture Monitoring	9,979		11,173		11,200	
Circle K Remediation	84,685		(508)		(510)	
Orphan Share	9,161		3,525,985		26,018	
Subtotal -- State Special Revenue	2,659,229	28.3%	7,214,041	47.2%	3,343,289	29.5%
DEQ- Federal AML Grant	4,291,983		4,469,047		4,467,742	
Underground Storage Tank	20,711		22,184		22,456	
Superfund Lockwood Solvent Site	0		434,450		377,084	
LUST/ Trust	814,692		1,288,390		1,272,964	
Superfund Core	238,930		285,030		281,921	
Superfund Multi-site	877,850		1,053,271		1,044,320	
EPA Performance Partnership Grant	269,481		307,783		308,474	
AML Special Projects	212,162		215,804		215,974	
Subtotal -- Federal	6,725,809	71.7%	8,075,959	52.8%	7,990,935	70.5%
Total Funding	<u>\$9,385,038</u>	100.0%	<u>\$15,290,000</u>	100.0%	<u>\$11,334,224</u>	100.0%



Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					614,727					634,656
Vacancy Savings					(87,518)					(88,115)
Inflation/Deflation					4,729					8,523
Fixed Costs					11,593					9,467
Total Statewide Present Law Adjustments					\$543,531	\$564,531				
DP 9 - Base Adjustments										
	0.00	0	340,596	99,785	440,381	0.00	0	224,973	98,319	323,292
DP 30 - IT Positions To CMD - Remediation Division										
	(2.00)	0	(58,782)	(29,403)	(88,185)	(2.00)	0	(54,700)	(27,735)	(82,435)
DP 49 - Leaking Underground Storage Tank Trust Fund										
	1.00	0	0	0	0	1.00	0	0	0	0
DP 53 - Cleanup Sites/Lockwood Solvent										
	1.00	0	0	580,450	580,450	1.00	0	0	513,208	513,208
DP 65 - CECRA Staff										
	2.00	0	122,000	0	122,000	2.00	0	112,248	0	112,248
DP 66 - Contracted Services -- Legal Support										
	0.00	0	150,000	0	150,000	0.00	0	0	0	0
DP 70 - Petroleum Release Corrective Action Plan										
	2.00	0	122,000	0	122,000	2.00	0	112,248	0	112,248
DP 75 - Replace PCs And Printers										
	0.00	0	29,682	43,804	73,486	0.00	0	20,193	29,802	49,995
DP 79 - LUST Trust Truck Replacement										
	0.00	0	3,000	27,000	30,000	0.00	0	0	0	0
DP 99 - Orphan Share Reimbursements										
	0.00	0	3,500,000	0	3,500,000	0.00	0	0	0	0
DP 696 - Data Network Fixed Cost Reduction										
	0.00	0	(990)	0	(990)	0.00	0	(990)	0	(990)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	0	(20,319)	(20,002)	(40,321)	0.00	0	(20,420)	(20,101)	(40,521)
Total Other Present Law Adjustments										
	4.00	\$0	\$4,187,187	\$701,634	\$4,888,821	4.00	\$0	\$393,552	\$593,493	\$987,045
Grand Total All Present Law Adjustments					\$5,432,352	\$1,551,576				

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 9 - Base Adjustments - The legislature granted authority for base adjustments. These base adjustments are for such things as contracted services, supplies, telephone charges, travel, and training in areas where vacancies have occurred throughout fiscal 2000. These base adjustments would be funded from state and federal special revenue sources.

There have been positions: 1) held vacant for a portion of the year to meet the vacancy savings requirements; 2) where recruitment efforts have lagged as position descriptions needed to be updated; or 3) where program priorities precluded acting more quickly. (According to the department, these positions will be filled in the near future). Services that will be provided include educational outreach activities, third party inspections for underground storage tanks, assessment of underground storage tank facilities failing to either upgrade or meet closure requirements, database conversion, and software upgrades. These activities will largely be completed through the use of contracted services.

DP 30 - IT Positions To CMD - Remediation Division - The legislature approved a transfer of 2.0 FTE and \$170,620 from the remediation program to the central management program to increase efficiencies and provide centralized management of information technology (IT) activities.

DP 49 - Leaking Underground Storage Tank Trust Fund - The legislature approved the establishment of 1.0 FTE and

related funding of \$86,209 through an operational category change for the leaking underground storage tank (LUST) trust. There will be no increase in the funding because the existing modified FTE will be funded through a corresponding reduction in the contracted services budget.

DP 53 - Cleanup Sites/Lockwood Solvent - The legislature approved a biennial appropriation to fund cleanup sites. The Environmental Protection Agency (EPA) is planning to propose or conduct cleanup activities at several sites over the coming biennium. Review and comments on the associated documents fluctuate with the number of projects and the activity levels associated with the various stages of these projects.

DP 65 - CECRA Staff - The legislature approved 2.0 FTE and related funding to address non-national priority list Comprehensive Environmental Cleanup and Responsibility Act (CECRA, Montana Superfund) sites. Although these costs would be funded out of the Environmental Quality Protection Fund (EQPF) initially, many of the costs would be recovered from responsible parties as these parties are identified during the investigation and cleanup process.

DP 66 - Contracted Services - Legal Support - The legislature approved a restricted, one-time only, biennial appropriation from the environmental quality protection fund for contracted legal support for addressing challenges to department orders and additional court actions to achieve cleanup and recover costs at CECRA sites. Expenditures on these CECRA sites, including these contracted services for legal support, are recoverable.

DP 70 - Petroleum Release Corrective Action Plan - The legislature approved funding for a petroleum release corrective action plan. The 2.0 FTE would be required to manage a backlog of leaking underground storage tank (LUST) sites.

DP 75 - Replace PCs And Printers - The legislature approved funding to purchase replacement personal computers and printers in order to maintain a four-year replacement schedule. The proposal funds replacement of 26 computers in fiscal 2002 and 20 computers in fiscal 2003.

DP 79 - LUST Trust Truck Replacement - The legislature approved one-time-only funding to replace a truck used in the leaking underground storage tank trust (LUST) program. The LUST trust program truck is used to respond to emergency situations involving petroleum contamination across the state. These situations include explosive or toxic vapors in buildings and contaminated public drinking water supplies. The truck contains safety and emergency response equipment enabling staff to respond to emergencies on short notice.

DP 99 - Orphan Share Reimbursements - The legislature approved a one-time, restricted, biennial appropriation of \$3,500,000 for orphan share reimbursements. Orphan share costs are those that can be attributed to defunct or bankrupt liable persons and reimbursement from state funds can only occur after site cleanup is complete.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 9 - NRIS Core Funding - Remediation Division										
40	0.00	0	10,672	9,338	20,010	0.00	0	10,672	9,338	20,010
DP 15 - Aboveground Storage Tank Survey										
40	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 16 - Petroleum Board Fund Liabilities Study										
40	0.00	0	75,000	0	75,000	0.00	0	0	0	0
DP 42 - Database Development										
40	0.00	0	18,306	34,294	52,600	0.00	0	18,306	34,294	52,600
DP 50 - LUST Trust Contracted Service Increase										
40	0.00	0	30,000	270,000	300,000	0.00	0	30,000	270,000	300,000
DP 689 - FTE Reduction										
40	(1.25)	0	0	0	0	(1.25)	0	0	0	0
<b>Total</b>	<b>(1.25)</b>	<b>\$0</b>	<b>\$158,978</b>	<b>\$313,632</b>	<b>\$472,610</b>	<b>(1.25)</b>	<b>\$0</b>	<b>\$83,978</b>	<b>\$313,632</b>	<b>\$397,610</b>

### New Proposals

DP 9 - NRIS Core Funding - Remediation Division - The legislature approved additional funding for the Remediation Division portion of core funding for the Montana State Library Natural Resource Information System (NRIS). The additional funding level is based upon a three-year average use of NRIS by the departments.

DP 15 - Aboveground Storage Tank Survey - The legislature approved one-time-only, restricted funding for a statewide survey of aboveground petroleum storage tanks (ASTs), funded by the petroleum tank release cleanup fund (PTRCF). The PTRCF is used to fund cleanup of releases from ASTs as well as underground storage tanks (USTs). The number of ASTs has increased over the past several years, potentially increasing the number of releases. This survey will be used to determine the number of ASTs and assess the public health and environmental concerns.

DP 16 - Petroleum Board Fund Liabilities Study - The legislature approved a one-time only, restricted appropriation for an actuarial study intended to identify the long-term fiscal liability associated with the petroleum tank release compensation fund. Under the Petroleum Tank Release Compensation Act, the petroleum fund reimburses underground storage tank owners/operators and their consultants for remediation of leaks and spills of petroleum products from eligible facilities. In 1998, new standards were fully implemented for construction, operation, and maintenance of underground storage tank systems. As a result, it is expected that the number of sites requiring remediation in the future should decrease and petroleum fund support for cleanups should be minimal.

DP 42 - Database Development - The legislature granted one-time-only, restricted authority for information systems maintenance, development, and conversion activities.

DP 50 - LUST Trust Contracted Service Increase - The legislature granted one-time-only, restricted authority to fund the federal leaking underground storage tanks (LUST) contracted services. The LUST grant carryover funds are available and the U. S. Environmental Protection Agency (EPA) is mandating that the department spend these funds within the next couple of years. These funds will augment current efforts to investigate and cleanup LUST sites where a responsible party is unable or unwilling to do the work, or where no responsible party can be identified.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	161.70	3.00	(1.00)	163.70	3.00	(1.00)	163.70	163.70
Personal Services	5,960,767	712,706	48,119	6,721,592	754,473	49,194	6,764,434	13,486,026
Operating Expenses	13,139,037	26,977,161	4,520,635	44,636,833	(8,162,118)	404,116	5,381,035	50,017,868
Equipment	27,975	60,832	8,990	97,797	52,942	0	80,917	178,714
Grants	1,040,412	236,289	204,000	1,480,701	283,065	204,000	1,527,477	3,008,178
Debt Service	0	0	0	0	0	540,000	540,000	540,000
<b>Total Costs</b>	<b>\$20,168,191</b>	<b>\$27,986,988</b>	<b>\$4,781,744</b>	<b>\$52,936,923</b>	<b>(\$7,071,638)</b>	<b>\$1,197,310</b>	<b>\$14,293,863</b>	<b>\$67,230,786</b>
General Fund	1,002,906	311,069	(17,761)	1,296,214	243,461	(17,836)	1,228,531	2,524,745
State/Other Special	16,116,988	24,406,479	4,400,604	44,924,071	(7,558,141)	804,614	9,363,461	54,287,532
Federal Special	3,048,297	3,269,440	398,901	6,716,638	243,042	410,532	3,701,871	10,418,509
<b>Total Funds</b>	<b>\$20,168,191</b>	<b>\$27,986,988</b>	<b>\$4,781,744</b>	<b>\$52,936,923</b>	<b>(\$7,071,638)</b>	<b>\$1,197,310</b>	<b>\$14,293,863</b>	<b>\$67,230,786</b>

### Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities that relate to 25 state regulatory and five related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health, welfare, and safety; and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws, and rules; and 4) provides assistance to resolve a facility's compliance issues, in close coordination with Enforcement Division. Activities are organized in the Air & Waste Management (air, asbestos, hazardous waste); Community Services (solid waste, junk vehicles, public water supply, waste water operators); Environmental Management (hard rock, facility siting); Industrial and Energy Minerals (coal, uranium, opencut); and Water Protection (subdivisions, water) bureaus.

### Funding

This division is funded from general fund and numerous sources of state and federal special revenue. Specific funding sources for the division are shown in Table 5. General fund is used primarily for activities concerning hard rock mining, solid waste management, major facility sites, and opencut mining. The largest source of state special revenue funding is from forfeited hard rock mining bonds followed by air quality operating fees, junk vehicle fees, and funding from the reclamation and development RIT account. Funding from EPA performance partnership grants provides the largest source of federal funds followed by the Department of State Lands reclamation account and the state revolving drinking water grant.



Table 5  
Environmental Quality  
Permitting and Compliance Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	<u>\$1,002,906</u>		<u>\$1,296,214</u>		<u>\$1,228,531</u>	
Subtotal -- General Fund	1,002,906	5.0%	1,296,214	2.4%	1,228,531	8.6%
State Special Revenue	0		4,000,000		540,000	
Hazardous Waste-Cercla	442,464		529,451		526,643	
Pegasus Reclamation/Zortman	443,474		443,474		0	
Reclamation - Bond Forfeitures	5,418		2,733,087		0	
Solid Waste Management Fee	434,638		595,692		562,303	
Air Quality - Operating Fees	1,624,606		1,711,911		1,705,436	
Asbestos Control	137,139		211,707		211,087	
Public Drinking Water	621,736		680,855		679,029	
NPDES Permit Program	649,165		881,580		878,777	
Subdivision Plat Review	603,529		1,204,773		1,205,521	
BD of Cert for W&WW op	80,248		86,164		102,545	
Hazardous Waste Fees	21,461		192,142		41,994	
Major Facility Siting	288,629		1,298,739		(51)	
Pegasus-Geal Mountain	3,044,254		2,500,000		0	
Reclamation Hardrock	12,561		125,000		0	
Reclamation and Development	1,053,972		1,484,644		1,483,641	
Pegasus Bankruptcy/Operations	539,193		923,439		0	
Junk Vehicle Disposal	1,112,406		1,407,733		1,412,882	
Pegasus-Basin	1,553,154		1,600,000		0	
Zortman Reclamation -Comp Bid	772,120		6,300,000		0	
Landusky Reclamation -Comp Bid	2,149,545		14,500,000		0	
Zortman/Landusky Nitrate System	375,596		1,500,000			
Septage Fees	12,197		13,680		13,654	
Glacier General Insurance Co.	139,484		0		0	
Subtotal -- State Special Revenue	16,116,989	79.9%	44,924,071	84.9%	9,363,461	65.5%
Operator Training Reimbursement	0		398,901		410,532	
DSL Federal SL Reclamation Grant	860,019		860,624		860,937	
EPA/Drinking Water SRF	0		90,020		73,955	
NPS Implementation Grant	72,939		73,645		73,641	
EPA Performance Partnership Grant	1,876,795		2,016,630		2,005,599	
EPA Special Studies	7,132		0		0	
Bureau of Reclamation Drought	0		3,000,000		0	
EPA-St. Rev. Fnd.-Drinking Water 1998 Grant	<u>231,412</u>		<u>276,818</u>		<u>277,207</u>	
Subtotal -- Federal	3,048,297	15.1%	6,716,638	12.7%	3,701,871	25.9%
Total Funding	<u>\$20,168,192</u>	100.0%	<u>\$52,936,923</u>	100.0%	<u>\$14,293,863</u>	100.0%

## Present Law Adjustments

	Fiscal 2002					Fiscal 2003				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					884,532					927,776
Vacancy Savings					(187,598)					(188,843)
Inflation/Deflation					7,714					14,707
Fixed Costs					113,228					121,904
<b>Total Statewide Present Law Adjustments</b>					<b>\$817,876</b>					<b>\$875,544</b>
DP 10 - MEPA Base Adjustments	0.00	23,441	(467)	0	22,974	0.00	11,756	(440)	0	11,316
DP 11 - Hazardous Waste Base Adjustments	0.00	0	26,124	39,188	65,312	0.00	0	22,881	34,321	57,202
DP 12 - Asbestos Base Adjustments	0.00	0	10,246	0	10,246	0.00	0	8,503	0	8,503
DP 13 - Air Base Adjustments	0.00	0	(34,042)	0	(34,042)	0.00	0	(48,334)	0	(48,334)
DP 14 - PWSS Base Adjustments	0.00	0	20,727	154,345	175,072	0.00	0	13,473	120,804	134,277
DP 15 - Operator Certification Base Adjustments	0.00	0	5,209	11,500	16,709	0.00	0	21,305	11,500	32,805
DP 16 - Solid Waste Base Adjustment	0.00	11,943	74,230	0	86,173	0.00	9,400	72,150	0	81,550
DP 17 - Junk Vehicle Base Adjustments	0.00	0	23,311	0	23,311	0.00	0	22,226	0	22,226
DP 18 - Hard Rock Base Adjustments	0.00	57,697	153,139	0	210,836	0.00	50,274	142,889	0	193,163
DP 19 - MFSA Base Adjustments	0.00	21,719	0	0	21,719	0.00	6,391	(40,118)	0	(33,727)
DP 20 - Opencut Base Adjustments	0.00	10,812	38,334	0	49,146	0.00	9,406	33,348	0	42,754
DP 21 - Coal & Uranium Base Adjustment	0.00	0	19,423	58,269	77,692	0.00	0	18,287	54,861	73,148
DP 22 - Water Permits Base Adjustments	0.00	3,000	28,481	7,000	38,481	0.00	3,000	23,254	7,000	33,254
DP 23 - Subdivision Base Adjustment	0.00	0	258,000	0	258,000	0.00	0	255,000	0	255,000
DP 24 - MPDES Permit Writer	1.00	0	64,000	0	64,000	1.00	0	62,000	0	62,000
DP 31 - IT Positions to CMP - Pgm 50	(1.50)	(1,704)	(25,981)	(34,907)	(62,592)	(1.50)	(1,715)	(25,165)	(32,874)	(59,754)
DP 32 - Public Water Supply System Staffing	2.00	0	0	0	0	2.00	0	0	0	0
DP 37 - Legal Staff Changes - PGM 50	(0.50)	0	(10,572)	(15,858)	(26,430)	(0.50)	0	(10,638)	(15,957)	(26,595)
DP 39 - Solid Waste Database Conversion	0.00	50,000	50,000	0	100,000	0.00	15,000	15,000	0	30,000
DP 41 - Junk Vehicle Database Conversion	0.00	0	60,000	0	60,000	0.00	0	18,000	0	18,000
DP 48 - Asbestos Compliance	0.00	28,300	56,700	0	85,000	0.00	28,300	56,700	0	85,000
DP 51 - 401 Certification Permit Writer	1.00	0	65,500	0	65,500	1.00	0	63,500	0	63,500
DP 52 - Hazardous Waste Contracted Services	0.00	0	150,000	0	150,000	0.00	0	0	0	0
DP 54 - Bond Forfeitures	0.00	0	21,478,088	0	21,478,088	0.00	0	(9,021,931)	0	(9,021,931)
DP 55 - Montana Environmental Policy Act Projects	0.00	0	772,085	0	772,085	0.00	0	(228,090)	0	(228,090)
DP 56 - Hard Rock Federal Funds	0.00	0	0	3,000,000	3,000,000	0.00	0	0	0	0
DP 61 - Junk Vehicle Grants	0.00	0	36,289	0	36,289	0.00	0	83,065	0	83,065
DP 62 - Administrative Support	1.00	0	30,500	0	30,500	1.00	0	30,000	0	30,000
DP 68 - AWMB Database Maintenance	0.00	0	28,000	12,000	40,000	0.00	0	28,000	12,000	40,000
DP 72 - Major Facility Siting Act Projects	0.00	0	259,338	0	259,338	0.00	0	0	0	0
DP 73 - Abandoned Vehicle Operating Costs	0.00	0	172,230	0	172,230	0.00	0	172,230	0	172,230
DP 74 - Public Water Supply Equipment										



Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
0.00	0	15,000	0	15,000		0.00	0	15,000	0	15,000
DP 80 - Public Water Supply Leased Vehicles										
0.00	0	0	10,338	10,338		0.00	0	0	11,616	11,616
DP 81 - Hard Rock Vehicles										
0.00	0	16,240	0	16,240		0.00	0	16,240	0	16,240
DP 82 - Opencut Vehicles										
0.00	0	18,092	0	18,092		0.00	0	36,186	0	36,186
DP 696 - Data Network Fixed Cost Reduction										
0.00	(855)	(1,180)	0	(2,035)		0.00	(855)	(1,180)	0	(2,035)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
0.00	(6,271)	(27,751)	(13,827)	(47,849)		0.00	(6,293)	(27,850)	(13,876)	(48,019)
DP 699 - Vacancy Savings at 4 Percent										
0.00	(10,278)	(53,359)	(22,674)	(86,311)		0.00	(10,343)	(53,610)	(22,779)	(86,732)
<b>Total Other Present Law Adjustments</b>										
<b>3.00</b>	<b>\$187,804</b>	<b>\$23,775,934</b>	<b>\$3,205,374</b>	<b>\$27,169,112</b>		<b>3.00</b>	<b>\$114,321</b>	<b>(\$8,228,119)</b>	<b>\$166,616</b>	<b>(\$7,947,182)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$27,986,988</b>						<b>(\$7,071,638)</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 10 - MEPA Base Adjustments - The legislature granted authority to re-establish the base budget for indirect charges for the Montana Environmental Protection Act (MEPA) personnel expenditures.

DP 11 - Hazardous Waste Base Adjustments - The legislature approved hazardous waste base adjustments. These adjustments include funding for laboratory testing, travel, field and sampling equipment, and additional motor pool usage due to vacancies. Additional funds are requested for indirect charges due to vacancies in fiscal 2000.

DP 12 - Asbestos Base Adjustments - The legislature approved funding for asbestos base adjustments. The authority includes increases for travel and indirect charges.

DP 13 - Air Base Adjustments - The legislature approved a net reduction for air base adjustments for travel, supplies, indirect charges due to vacancies, contracted services to review risk assessments, reductions in IT contracted services, and reductions in expenditures associated with the smoke management program.

DP 14 - PWSS Base Adjustments - The legislature approved additional funding for the public water supply program. Items include: 1) overtime pay; 2) contracted services to perform compliance inspections at public water supplies (sanitary surveys); 3) increased costs for printing, photocopying, and lab testing; 4) increased costs for references, central stores, field equipment, and computer hardware; 5) communications and postage; 6) motor pool mileage, in-state and out-of-state meals, in-state and out-of-state lodging, and commercial air; and 7) retirement pay, increased indirect rates, and vacancy savings. Funding comes from EPA grant Hazardous Waste/CERCLA, Public Water Supply fees, and State Revolving Fund set-asides.

DP 15 - Operator Certification Base Adjustments - The legislature approved funding to re-establish the base budget for the water and wastewater operator certification program. Additional expenditures include: 1) printing, photocopying, office supplies, reference materials, long-distance telephone, and travel related costs; 2) computer replacement; and 3) increased contracted assistance.

DP 16 - Solid Waste Base Adjustment - The legislature approved base adjustments for the solid waste program. The authority includes adjustments to travel, training, communications, and supplies.

DP 17 - Junk Vehicle Base Adjustments - The legislature approved base adjustments to fund indirect costs, legal fees/court costs, computer replacement, travel, communications, and crushing expenses.

DP 18 - Hard Rock Base Adjustments - The legislature approved funding for base adjustments in the Hard Rock program. The authority includes funding for increased expenditures for lab analysis, travel, and communications. These base adjustments include amounts for database maintenance, trouble-shooting, and completing enhanced reporting requests in each year of the upcoming biennium.

DP 19 - MFSA Base Adjustments - The legislature approved funding for the replacement of a digitizer, purchase of a GIS workstation, and purchase of a hand held GPS unit to be used in conducting duties under the Major Facilities Siting Act.

DP 20 - Opencut Base Adjustments - The legislature approved funding to re-establish the base budget for the opencut program. Base increases will be used for hiring an intern, programming, vehicle repair and maintenance, rent, telephone, and travel expenses.

DP 21 - Coal & Uranium Base Adjustment - The legislature approved funding to re-establish the base in the coal and uranium program. Base increases will be used for hiring an intern, programming, rent, office and field supplies, and travel expenses.

DP 22 - Water Permits Base Adjustments - The legislature approved funding to re-establish the base budget for the permits section of the Water Protection Bureau. Additional funding is being added for database maintenance and replacement of printers, fax machine, and computers.

DP 23 - Subdivision Base Adjustment - The legislature approved funding to re-establish the base budget for the subdivision program.

DP 24 - MPDES Permit Writer - The legislature approved 1.0 FTE and related funding for a Montana Pollution Discharge Elimination (MPDES) permit writer in the 2003 biennium. The cost of hiring a new FTE includes data network charges, telephone expenses, and a computer purchase.

DP 31 - IT Positions to CMP - Program 50 - The legislature approved reductions resulting from the move of information technology positions to the Central Management Program. The department proposes to move these activities into the IT bureaus in the Central Management Program. This reduction moves the 1.5 FTE from this program into program 10.

DP 32 - Public Water Supply System Staffing - This legislature approved 2.0 FTE and related funding in the public water supply program. One of these positions is an administrative support position in the Helena office. The position will replace an existing temporary position that is filled year-round. The position will perform support tasks to include imaging of program records, data entry, generation of database reports, filing, and copying.

The second position is a technical position in the Helena Office. This water quality specialist will assist in implementation of new EPA rules; i.e. the groundwater, radon, and arsenic rules. The position will also assist in implementation of other rules, and will provide training and technical assistance to water supply owners and operators.

DP 37 - Legal Staff Changes - PGM 50 - The legislature approved a reduction in funding to account for legal staff changes. Attorneys were originally assigned to each division according to projected needs. Due to an increase in enforcement cases, this transfer moves 0.5 FTE and funding from program 50 to program 30.

DP 39 - Solid Waste Database Conversion - The legislature approved one-time-only funding to upgrade the existing Solid Waste Program database to an Oracle system. The database conversion will take place during fiscal 2002 at an approximate cost of \$100,000. An additional \$30,000 was approved for maintenance and trouble shooting of the system in fiscal 2003.



DP 41 - Junk Vehicle Database Conversion - The legislature approved one-time-only, restricted funding to upgrade the existing Junk Vehicle Program AREV database to the department-supported Oracle system. The database conversion will take place during fiscal 2002 at an approximate cost of \$60,000. An additional \$18,000 was approved for maintenance and trouble shooting of the system in fiscal 2003.

DP 48 - Asbestos Compliance - The legislature approved one-time-only, restricted funding for contracted services in the asbestos program due to an increased workload resulting from increased public awareness of asbestos.

DP 51 - 401 Certification Permit Writer - The legislature approved funding for a certification permit writer. This is due to workload increases in the following areas: changes in the 404 permits and 401 reviews; increased stream restoration projects; additional MEPA review for short-term turbidity authorizations (318's); and increases in Montana Department of Transportation wetland projects. The cost of hiring a new FTE includes data network charges, telephone expenses, and a computer purchase.

DP 52 - Hazardous Waste Contracted Services - The legislature approved a one-time-only, restricted, biennial appropriation for contracted technical assistance. Contractors will investigate facility background; review plans to characterize health and environmental effects of the release of hazardous waste to land, water, or air; identify contaminant sources; prepare human health and ecological risk assessments; and verify data quality.

DP 54 - Bond Forfeitures - The legislature approved one-time-only, restricted funding to re-establish the budget for the expenditure of potential bond forfeitures. The department has numerous mine projects in various stages of reclamation using forfeited bond monies.

DP 55 - Montana Environmental Policy Act Projects - The legislature approved restricted, biennial authority to accommodate potential Montana Environmental Protection Act (MEPA) project funding. The department is responsible for preparing and/or coordinating environmental impact statements for major projects.

DP 56 - Hard Rock Federal Funds - The legislature granted one-time-only, restricted, biennial authority to spend Bureau of Land Management (BLM) money and to have authority for current grant proposals to the Environmental Protection Agency (EPA).

DP 61 - Junk Vehicle Grants - The legislature approved authority for increases in spending authority for the Junk Vehicle Program grants given to counties. A three percent increase in the total grants to counties is being approved.

DP 62 - Administrative Support - The legislature approved funding to provide administrative support in the water permits section. Currently, there is a backlog of work in all areas of administrative support duties. The cost of hiring a new FTE includes data network charges, telephone expenses, and a computer purchase.

DP 68 - AWMB Database Maintenance - The legislature approved funding to maintain the recently developed databases within the air and waste management bureau (AWMB). Database maintenance activities will include ongoing technical support by the system designer, minor repairs to correct program "bugs" identified during normal operations, minor modifications to address changes in program priorities or business practices, and system modifications to provide additional functionality to the department, the public, and the regulated community.

DP 72 - Major Facility Siting Act Projects - The legislature approved one-time-only, restricted, biennial spending authority to accommodate potential MFSA project funding. Power generation projects are pending in the department. The department will use the authority to review plans for proposed facilities in an effort to comply with mandatory review time frames.

DP 73 - Abandoned Vehicle Operating Costs - The legislature approved one-time-only, restricted spending authority in the abandoned vehicle program within the junk vehicle fund. It is anticipated that the full implementation and utilization



of the abandoned vehicle program would occur in fiscal 2002 and fiscal 2003. This funding will be used to meet contract payments to participating haulers during that period. The junk vehicle disposal fee paid when registering a motor vehicle funds this program.

DP 74 - Public Water Supply Equipment - The legislature approved one-time-only, restricted funding for scanning (imaging) equipment in the Public Water Supply Program (PWS). The PWS section initiated a file-imaging project in cooperation with DEQ information technology staff, which would provide better access to public water supply file information.

DP 80 - Public Water Supply Leased Vehicles - The legislature approved funds to lease two additional state Motor Pool vehicles for the public water supply program. Both of these vehicles are for the Billings office staff.

DP 81 - Hard Rock Vehicles - The legislature approved funding to lease two vehicles for the hard rock mining program from the State Transportation Motor Pool program. The vehicles will be used for inspecting hard rock mines and exploration projects permitted under the Montana Metal Mines Reclamation Act (MMRA).

DP 82 - Opencut Vehicles - The legislature approved funding to replace three vehicles in the opencut program.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 4 - Storm Water Phase II Permit Writer										
50	1.00	0	64,000	0	64,000	1.00	0	62,000	0	62,000
DP 10 - NRIS Core Funding										
50	0.00	11,175	11,175	0	22,350	0.00	11,175	11,175	0	22,350
DP 17 - Hard Rock Equipment										
50	0.00	0	8,990	0	8,990	0.00	0	0	0	0
DP 75 - SB 484 -- Hard Rock Mining Reclamation										
50	0.00	0	4,000,000	0	4,000,000	0.00	0	0	0	0
DP 76 - SB 449 -- Environmental Rehabilitation/Response										
50	0.00	0	112,439	0	112,439	0.00	0	(12,561)	0	(12,561)
DP 77 - SB 167 -- Sanitation in Subdivision Grants										
50	0.00	0	204,000	0	204,000	0.00	0	204,000	0	204,000
DP 91 - Operator Training Reimbursement Program										
50	1.00	0	0	398,901	398,901	1.00	0	0	410,532	410,532
DP 92 - Zortman/Landusky Long-Term Water Treatment Trust										
50	0.00	0	0	0	0	0.00	0	540,000	0	540,000
DP 689 - FTE Reduction										
50	(3.00)	0	0	0	0	(3.00)	0	0	0	0
DP 691 - Personal Services General Fund Reduction										
50	0.00	(21,608)	0	0	(21,608)	0.00	(21,683)	0	0	(21,683)
DP 693 - Statewide Reduction in Travel										
50	0.00	(7,328)	0	0	(7,328)	0.00	(7,328)	0	0	(7,328)
<b>Total</b>	<b>(1.00)</b>	<b>(\$17,761)</b>	<b>\$4,400,604</b>	<b>\$398,901</b>	<b>\$4,781,744</b>	<b>(1.00)</b>	<b>(\$17,836)</b>	<b>\$804,614</b>	<b>\$410,532</b>	<b>\$1,197,310</b>

### New Proposals

DP 4 - Storm Water Phase II Permit Writer - The legislature approved funding for a storm water phase II permit writer. The Environmental Protection Agency has recently implemented additional requirements for storm water permits. Anticipated additional workload includes developing a new general permit, processing the estimated 325 new permit authorizations, providing technical assistance, and conducting field inspections. The new phase II rules require permitting of a number of cities and towns as well as construction sites exceeding one acre in size as opposed to the existing five-acre limit. The cost of hiring a new FTE includes data network charges, telephone expenses, and a computer purchase.

DP 10 - NRIS Core Funding - The legislature approved funding for the Permitting and Compliance Division portion of core funding of the Montana State Library Natural Resource Information System (NRIS). The authority is based upon a three-year average use formula for NRIS that tracks the utilization of state agencies.

DP 17 - Hard Rock Equipment - The legislature approved one-time-only, restricted authority to purchase a digital camera(s) and a plotter. With the digital camera, staff would be able to store site visit photographs with the data collected at that site. The plotter would be used to prepare maps and charts for public meetings and Montana Environmental Protection Act (MEPA) documents.

DP 75 - SB 484 - Hard Rock Mining Reclamation - The legislature approved a restricted, biennial appropriation to implement SB 484. This bill authorizes the sale of general obligation bonds for the reclamation of mine sites. Bond proceeds are to be deposited into a state special revenue fund for reclamation projects performed by the department.

DP 76 - SB 449 - Environmental Rehabilitation/Response - The legislature approved restricted, biennial authority to implement SB 449. SB 449 eliminates funding in fiscal 2002 from the hard rock and opencut mining accounts and establishes funding in an environmental rehabilitation and response account.

DP 77 - SB 167 - Sanitation in Subdivision Grants - The legislature approved restricted funding to implement SB 167. SB 167 authorizes the Department of Environmental Quality to provide additional reimbursements to local governments performing subdivision reviews. The department will work to develop rules to increase subdivision fees to cover the increased cost.

DP 91 - Operator Training Reimbursement Program - The legislature approved funding for the operator training reimbursement program. The Safe Drinking Water Act requires the EPA to reimburse the costs of training (including per diem for un-salaried operators) and certification for persons operating community and non-transient, non-community public water systems serving 3,300 persons or fewer, who undergo training pursuant to EPA operator certification guidelines. Montana has approximately 840 systems that meet these criteria. The authority will fund the eligible reimbursement costs for training, certification, and renewal for the operators. In addition, the authority includes funding for 1.0 FTE and operating costs to support the administrative duties that will be performed by DEQ staff.

DP 92 - Zortman/Landusky Long-Term Water Treatment Trust - The legislature appropriated up to \$540,000 in fiscal 2003 from the Resource Indemnity Trust (RIT) funds in excess of the \$100 million cap. The authority is one-time-only and restricted. After the trust balance is certified by the Governor to have reached \$100 million, the State Treasurer will certify to the Office of Budget and Program Planning and to the Legislative Finance Committee that there is a sufficient amount of cash in the fund. Once this contingency is met, OBPP is authorized to transfer cash of up to \$540,000 to a state special revenue fund to use for the purpose of acquiring a security for water treatment at Zortman/Landusky. The security acquired with this appropriation is the last expected to complete the state funding package for the water treatment trust at the former Zortman and Landusky mines

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

DP 693 - Statewide Reduction in Travel - The legislature made a reduction in general fund each year equivalent to 8 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

**Language**

Item [Permitting and Compliance; Statewide Travel Reduction] includes a reduction of general fund of \$7,328 in fiscal year 2002 and \$7,328 in fiscal year 2003. This reduction is the equivalent of an 8 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Permitting and Compliance] includes a reduction of \$21,608 general fund in fiscal 2002 and \$21,683 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Item [Permitting and Compliance; Zortman/Landusky Water Treatment Trust] includes a restricted, one-time-only appropriation of up to \$540,000 from state special revenue funds in fiscal 2003 that have been transferred from the Resource Indemnity Trust (RIT) fund. The appropriation is contingent upon the state treasurer's certification to the office of budget and program planning and to the legislative finance committee that the trust balance is in excess of \$100 million. Upon meeting the contingency in fiscal 2003, the office of budget and program planning is authorized to transfer up to \$540,000 in cash from the RIT to a state special revenue fund to be used to purchase federal debt obligation



securities that mature in June 2017 to partially fund the long-term water treatment trust for the former Zortman and Landusky mines.

Item [Environmental Rehabilitation and Response] is contingent upon passage and approval of Senate Bill 449.

Item [Hard Rock Mining Reclamation, Operation, and Maintenance] is contingent upon passage and approval of Senate Bill 484.

Item [Sanitation in Subdivision Grants to Counties] is contingent upon passage and approval of Senate Bill 167.

(Note: SB 449, SB 484, and SB 167 have been signed and approved)

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	134.71	7.00	2.78	144.49	7.00	2.78	144.49	144.49
Personal Services	4,847,510	407,309	178,424	5,433,243	438,746	136,273	5,422,529	10,855,772
Operating Expenses	2,023,279	646,401	394,398	3,064,078	562,002	410,408	2,995,689	6,059,767
Equipment	345,954	91,887	10,000	447,841	66,337	10,000	422,291	870,132
Benefits & Claims	4,150	0	0	4,150	0	0	4,150	8,300
<b>Total Costs</b>	<b>\$7,220,893</b>	<b>\$1,145,597</b>	<b>\$582,822</b>	<b>\$8,949,312</b>	<b>\$1,067,085</b>	<b>\$556,681</b>	<b>\$8,844,659</b>	<b>\$17,793,971</b>
General Fund	532,277	56,324	15,520	604,121	61,266	15,505	609,048	1,213,169
State/Other Special	6,241,457	217,199	504,256	6,962,912	166,002	462,519	6,869,978	13,832,890
Federal Special	447,159	872,074	63,046	1,382,279	839,817	78,657	1,365,633	2,747,912
<b>Total Funds</b>	<b>\$7,220,893</b>	<b>\$1,145,597</b>	<b>\$582,822</b>	<b>\$8,949,312</b>	<b>\$1,067,085</b>	<b>\$556,681</b>	<b>\$8,844,659</b>	<b>\$17,793,971</b>

### Agency Description

The Department of Livestock is responsible for controlling and eradicating animal diseases, preventing the transmission of animal diseases to humans, protecting the livestock industry from theft and predatory animals, and regulating the milk industry relative to producer pricing. The department, which is provided for in 2-15-3101, MCA, consists of the Board of Livestock and its appointed executive officer; the Livestock Crimestoppers' Commission; and the Beef Research and Marketing Committee. The department is organized into five divisions: Animal Health, Centralized Services, Brand-Enforcement, Diagnostic Laboratory, and Meat, Milk, and Egg Inspection. The Board of Livestock, which is the statutory head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

### Summary of Legislative Action

The legislature added 9.78 FTE and \$3.3 million over the fiscal 2000 base (\$3.1 million over the 2001 biennium) to the Department of Livestock. Of this total, \$480,240 state special revenue authority was added with the transfer of the Board of Horseracing from the Department of Commerce to the Department of Livestock as a result of the passage of SB 445. In other new proposals, the legislature replaced \$40,000 federal funds in the Centralized Services Division with general fund, and reduced general fund for statewide FTE and travel reductions, for an overall general fund increase of \$31,025. The legislature increased state special revenue by \$966,775 for new proposals including a contingency reserve for disease control emergencies, brand re-record operations, and a funding switch in the Centralized Services Division. Federal funds were increased to accommodate state participation in the Greater Yellowstone Interagency Brucellosis Committee, and decreased as a result of the fund switch within the Centralized Services Division, for an overall federal increase of \$141,703.

Remaining changes were present law adjustments, including \$1,307,700 federal funds for bison control operations, and adjustments to state special revenue to accommodate increased laboratory workload, replacement vehicles, and removal of funding from the Department of Fish, Wildlife, and Parks for contracted predator control support.

Increased FTE include 3.78 FTE assigned to the Board of Horseracing, 6.0 FTE assigned to bison control operations, and a 1.0 FTE information technology system specialist. The legislature added language to the boilerplate section of HB 2 that deleted FTE, but not the funding, for all positions vacant for over 7 months, with some exceptions. As a result of this language, the department lost 1.0 FTE.

### Other Legislation

House Bill 346 - HB 346 eliminates the requirement for a retail seller of eggs to purchase a license to sell eggs. The act maintains the requirement for a wholesale seller of eggs to purchase a license to sell eggs. The department anticipates selling approximately 111 fewer licenses each year, for a net reduction in state special revenue of \$555.

Senate Bill 445 - SB 445 establishes the Office of Economic Development within the Office of the Governor and reorganizes the Department of Commerce by transferring several functions to other agencies. SB 445 transfers the Board of Horseracing in its entirety from the Department of Commerce to the Department of Livestock.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	134.71	138.78	144.49	5.71	137.03	144.49	7.46	
Personal Services	4,847,510	5,116,450	5,433,243	316,793	5,104,138	5,422,529	318,391	635,184
Operating Expenses	2,023,279	3,009,653	3,064,078	54,425	2,939,255	2,995,689	56,434	110,859
Equipment	345,954	447,841	447,841	0	422,291	422,291	0	0
Benefits & Claims	4,150	4,150	4,150	0	4,150	4,150	0	0
<b>Total Costs</b>	<b>\$7,220,893</b>	<b>\$8,578,094</b>	<b>\$8,949,312</b>	<b>\$371,218</b>	<b>\$8,469,834</b>	<b>\$8,844,659</b>	<b>\$374,825</b>	<b>\$746,043</b>
General Fund	532,277	618,601	604,121	(14,480)	623,543	609,048	(14,495)	(28,975)
State/Other Special	6,241,457	6,703,988	6,962,912	258,924	6,607,550	6,869,978	262,428	521,352
Federal Special	447,159	1,255,505	1,382,279	126,774	1,238,741	1,365,633	126,892	253,666
<b>Total Funds</b>	<b>\$7,220,893</b>	<b>\$8,578,094</b>	<b>\$8,949,312</b>	<b>\$371,218</b>	<b>\$8,469,834</b>	<b>\$8,844,659</b>	<b>\$374,825</b>	<b>\$746,043</b>

### Executive Budget Comparison

The legislative budget is \$746,043 higher than the executive proposal; however, general fund is \$28,975 lower. The increase in total funding is largely state special revenue associated with the transfer of the Board of Horseracing (\$480,240 over the biennium) to the department from the Department of Commerce as a result of SB 445. Additionally, the legislature approved two global amendments that affected the Department of Livestock as follows:

1. reduced general fund by an amount equal to 1 percent of authorized FTE (\$8,811 over the biennium). No FTE were reduced; and
2. reduced general fund by an amount equal to 1 percent of fiscal 2000 general fund travel expenditures (\$164 reduction over the biennium).

Additionally, the legislature added requests for Board of Livestock member per diem and funding to upgrade an information technology position. The legislature also added FTE and federal special revenue authority resulting from increased grants for brucellosis prevention. The remaining difference is attributed to fixed cost rate reductions that had a statewide impact.

### Language

Item [Centralized Services Division] includes a general fund reduction of \$4,398 in fiscal 2002 and \$4,413 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Items [Board of Horseracing] and [Legislative Audit -- Board of Horseracing] are contingent upon passage and approval of Senate Bill No. 445. (Note - SB 445 was passed and approved.)



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	13.00	2.00	3.78	18.78	2.00	3.78	18.78	18.78
Personal Services	521,497	102,003	135,270	758,770	107,224	136,273	764,994	1,523,764
Operating Expenses	355,838	195,318	90,000	641,156	92,626	92,496	540,960	1,182,116
Equipment	96,723	41,649	0	138,372	(1,451)	0	95,272	233,644
<b>Total Costs</b>	<b>\$974,058</b>	<b>\$338,970</b>	<b>\$225,270</b>	<b>\$1,538,298</b>	<b>\$198,399</b>	<b>\$228,769</b>	<b>\$1,401,226</b>	<b>\$2,939,524</b>
General Fund	2,217	(347)	15,602	17,472	(388)	15,587	17,416	34,888
State/Other Special	923,040	192,787	274,222	1,390,049	95,877	277,736	1,296,653	2,686,702
Federal Special	48,801	146,530	(64,554)	130,777	102,910	(64,554)	87,157	217,934
<b>Total Funds</b>	<b>\$974,058</b>	<b>\$338,970</b>	<b>\$225,270</b>	<b>\$1,538,298</b>	<b>\$198,399</b>	<b>\$228,769</b>	<b>\$1,401,226</b>	<b>\$2,939,524</b>

### Program Description

The Centralized Services Division is responsible for budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, data processing, and the general services functions of the department. The division also provides the overall management of the Milk Control Bureau. The Livestock Crimestoppers' Commission and the Beef Research and Marketing Committee are administratively attached. The staff attorney for this division provides agency legal services to the department as a whole.

The Board of Horse Racing Program is responsible for:

1. regulating the live and simulcast horse racing industry;
2. ensuring the compliance of approximately 3,500 licensees with state laws and board rules;
3. licensing all racing personnel, establishing race dates for various communities, and establishing veterinary practices and standards in connection with horse racing meets; and
4. the auditing, supervision, and investigations related to the pari-mutuel racing system in Montana.

### Funding

This program is funded with general fund and state and federal special revenues. The legislature funded the Centralized Services Division with approximately 1 percent general fund. General fund and Meat and Poultry Inspection federal funds are split approximately 50/50 for services provided to the Meat and Poultry Inspection Division, and are based upon federally authorized indirect-charge rates. Bison federal funds also support services within the division. State special revenue comes from the Livestock Per Capita and Board of Horseracing state special revenue accounts. The Board of Horse Racing is funded with state special revenues derived from a 1 percent tax on gross betting receipts from pari-mutuel betting. For simulcast facilities, the tax is the greater of 1 percent of gross betting receipts or the actual cost to the board for regulating the meet.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				45,695					50,895
Vacancy Savings				(15,635)					(15,792)
Inflation/Deflation				(1,995)					(1,826)
Fixed Costs				113,777					84,655
<b>Total Statewide Present Law Adjustments</b>				<b>\$141,842</b>					<b>\$117,932</b>
DP 2 - Lab Information Management System									
1.00	0	129,433	35,325	164,758	1.00	0	45,238	13,458	58,696
DP 3 - Information Technology Equipment									
0.00	0	10,449	0	10,449	0.00	0	(1,451)	0	(1,451)
DP 16 - Travel Adjustment - Centralized Services Division									
0.00	0	8,186	0	8,186	0.00	0	9,563	0	9,563
DP 19 - Administrative Secretary									
1.00	0	28,078	0	28,078	1.00	0	28,172	0	28,172
DP 21 - Board Member Per Diem									
0.00	0	7,250	0	7,250	0.00	0	7,250	0	7,250
DP 22 - Upgrade IT position									
0.00	0	4,305	0	4,305	0.00	0	4,305	0	4,305
DP 696 - Data Network Fixed Cost Reduction									
0.00	0	(994)	0	(994)	0.00	0	(1,004)	0	(1,004)
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	0	(17,351)	0	(17,351)	0.00	0	(17,457)	0	(17,457)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(347)	(6,504)	(702)	(7,553)	0.00	(388)	(6,694)	(525)	(7,607)
<b>Total Other Present Law Adjustments</b>									
2.00	(\$347)	\$162,852	\$34,623	\$197,128	2.00	(\$388)	\$67,922	\$12,933	\$80,467
<b>Grand Total All Present Law Adjustments</b>				<b>\$338,970</b>					<b>\$198,399</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Lab Information Management System - The legislature approved an increase in state and federal special revenue authority to add 1.0 FTE and meet the costs associated with upgrading the Diagnostic Laboratory's Information Management System. Included is a grade 14 system specialist, contract services to install the new system, and hardware/software purchases, as recommended in a June 1998 site visit report from the American Association of Veterinary Laboratory Diagnosticians Accreditation Committee. This increase is funded with Livestock Per Capita and Bison federal funds. The legislature designated \$106,200 in fiscal 2002 as one-time-only.

DP 3 - Information Technology Equipment - The legislature approved an increase in state special revenue authority to fund information technology equipment replacements in accordance with the department's four-year replacement plan, including computer, monitor, scanner, and printer purchases. This increase is funded entirely by the Livestock Per Capita Account.

DP 16 - Travel Adjustment - Centralized Services Division - The legislature approved an increase in state special revenue to fund additional travel within the Centralized Services Division. This will fund additional in-state and out-of-state travel for department personnel, including the executive officer, and assumes full attendance at meetings not attended during the base year. The increase is funded entirely by the Livestock Per Capita Account.

DP 19 - Administrative Secretary - The legislature approved the transfer of 1.0 FTE and the funding for that position from the Animal Health and Inspection and Control Programs to a consolidated position in the Centralized Services Division. This transfer does not change the total number of FTE.

DP 21 - Board Member Per Diem - The legislature approved an increase in state special revenue authority for Board of Livestock member per diem. Funding is from the Livestock Per Capita Account.

DP 22 - Upgrade IT position - The legislature approved an additional \$4,305 of state special revenue authority in each year of the biennium to allow upgrade of the department's IT position.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 9 - Funding Change - General Fund										
01	0.00	20,000	42,380	(62,380)	0	0.00	20,000	42,380	(62,380)	0
DP 20 - Lab Information System Travel Cut										
01	0.00	0	(6,521)	(2,174)	(8,695)	0.00	0	(6,521)	(2,174)	(8,695)
DP 445 - SB 445 - Department of Commerce Reorganization										
01	3.78	0	238,363	0	238,363	3.78	0	241,877	0	241,877
DP 691 - Personal Services General Fund Reduction										
01	0.00	(4,398)	0	0	(4,398)	0.00	(4,413)	0	0	(4,413)
<b>Total</b>	<b>3.78</b>	<b>\$15,602</b>	<b>\$274,222</b>	<b>(\$64,554)</b>	<b>\$225,270</b>	<b>3.78</b>	<b>\$15,587</b>	<b>\$277,736</b>	<b>(\$64,554)</b>	<b>\$228,769</b>

### New Proposals

DP 9 - Funding Change - General Fund - The legislature approved replacing \$62,380 federal special revenue authority with general fund and state special revenue authority for Centralized Services Division support provided to the Meat and Poultry Inspection Division. This allows the department to use general fund and state special revenue to provide the state match for federal funds, based upon federally-authorized indirect-charge rates

DP 20 - Lab Information System Travel Cut - The legislature approved an adjustment to delete travel funding approved in DP 2, due to the decision to locate the requested FTE on-site in Bozeman versus off-site in Helena.

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Board of Horseracing was transferred from the Department of Commerce to the Department of Livestock. The transfer resulted in the addition of 3.78 FTE, and state special revenue funding of \$480,240 over the biennium. Funding is entirely from the Board of Horseracing state special revenue account.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

### Language

Item [Centralized Services Division] includes a general fund reduction of \$4,398 in fiscal 2002 and \$4,413 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating



plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Items [Board of Horseracing] and [Legislative Audit - Board of Horseracing] are contingent upon passage and approval of SB 445. (Note - SB 445 was passed and approved.)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	21.00	0.00	0.00	21.00	0.00	0.00	21.00	21.00
Personal Services	858,177	(3,892)	0	854,285	498	0	858,675	1,712,960
Operating Expenses	445,809	64,501	(82)	510,228	66,322	(82)	512,049	1,022,277
Equipment	28,992	3,008	0	32,000	21,008	0	50,000	82,000
<b>Total Costs</b>	<b>\$1,332,978</b>	<b>\$63,617</b>	<b>(\$82)</b>	<b>\$1,396,513</b>	<b>\$87,828</b>	<b>(\$82)</b>	<b>\$1,420,724</b>	<b>\$2,817,237</b>
General Fund	192,442	(1,427)	(82)	190,933	(1,411)	(82)	190,949	381,882
State/Other Special	1,140,536	53,929	0	1,194,465	71,868	0	1,212,404	2,406,869
Federal Special	0	11,115	0	11,115	17,371	0	17,371	28,486
<b>Total Funds</b>	<b>\$1,332,978</b>	<b>\$63,617</b>	<b>(\$82)</b>	<b>\$1,396,513</b>	<b>\$87,828</b>	<b>(\$82)</b>	<b>\$1,420,724</b>	<b>\$2,817,237</b>

### Program Description

The Diagnostic Laboratory Program provides livestock laboratory diagnostic support for the Disease Control Program, the Milk and Egg Program, and livestock producers. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife, and Parks and other agencies in order to protect the health of animals and wildlife.

### Funding

The Diagnostic Laboratory Program is funded with a combination of general fund and state and federal special revenue. The Livestock Per Capita Account receives revenue from a tax on livestock ownership. The Animal Health Account receives revenue from the milk tax, inspection and testing fees, and various state and federal cost recoveries for services provided. Federal funds are entirely from Bison Control funding.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				27,688					32,263
Vacancy Savings				(24,239)					(24,377)
Inflation/Deflation				2,718					2,436
Fixed Costs				(2,471)					(2,471)
<b>Total Statewide Present Law Adjustments</b>				<b>\$3,696</b>					<b>\$7,851</b>
DP 2 - Replacement Lab Equipment									
0.00	0	0	3,008	3,008	0.00	0	3,508	17,500	21,008
DP 5 - Lab Workload Increase									
0.00	0	42,000	0	42,000	0.00	0	42,000	0	42,000
DP 21 - Out-of-State Travel - Lab									
0.00	0	5,503	0	5,503	0.00	0	5,503	0	5,503
DP 22 - MSU Recharge Adjustment									
0.00	0	12,014	0	12,014	0.00	0	13,702	0	13,702
DP 23 - Lab Overtime									
0.00	0	3,853	0	3,853	0.00	0	3,853	0	3,853
DP 30 - Lease Vehicle - Lab									
0.00	0	4,737	0	4,737	0.00	0	5,152	0	5,152
DP 699 - Vacancy Savings at 4 Percent									
0.00	(1,427)	(9,682)	(85)	(11,194)	0.00	(1,411)	(9,701)	(129)	(11,241)
<b>Total Other Present Law Adjustments</b>									
0.00	(\$1,427)	\$58,425	\$2,923	\$59,921	0.00	(\$1,411)	\$64,017	\$17,371	\$79,977
<b>Grand Total All Present Law Adjustments</b>				<b>\$63,617</b>					<b>\$87,828</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Replacement Lab Equipment - The legislature approved an increase in state and federal special revenue to replace equipment at the Diagnostic Laboratory in Bozeman. This increase is funded through federal Bison Control funding and the Livestock Per Capita Account.

DP 5 - Lab Workload Increase - The legislature approved an increase in state special revenue authority to accommodate increased workload in the Diagnostic Laboratory and meet inflationary increases in the cost of medical supplies. Increases include contracted services for microbiologist(s) and university student laboratory assistants; and communications, supplies, materials, repair, and maintenance costs. Since fiscal 1994, the number of accessions (samples taken in for testing at the laboratory or other specialized laboratories) has increased from 15,000 to over 26,000 per year, with an increase of approximately 10 percent each year. This adjustment allows a 10 percent increase over base-year expenditures, plus an additional 8 percent increase for medical supplies. In lieu of adding FTE, this increase adds \$24,000 each year of the biennium to provide for part-time contracted services by Montana State University students, outside veterinarians and/or Ph.D.-level microbiologists. This increase is funded entirely by the Livestock Per Capita Account.

DP 21 - Out-of-State Travel - Lab - The legislature approved an increase in state special revenue authority for out-of-state travel for lab personnel. Scheduled meetings include: Western Conference of Veterinary Diagnostic Pathologists, Intermountain Veterinary Medical Association, American Association of Veterinarian Lab Diagnosticians, Intermountain States Seminar - Medical Technology, and Interstate Milk Shippers Conference. This increase is funded entirely by the Livestock Per Capita Account.

DP 22 - MSU Recharge Adjustment - The legislature approved an increase in state special revenue authority to meet increased operating costs, including recharges, for use of the facility on the Montana State University campus in Bozeman. Increases include natural gas for the laboratory's incinerator, and a 3 percent increase each year of the



biennium for MSU recharges. This increase funds natural gas expenditures at the same level as appropriated by the 1999 legislature. This increase is entirely funded by the Livestock Per Capita Account.

DP 23 - Lab Overtime - The legislature approved an increase in state special revenue authority to carry over overtime costs from the base year.

DP 30 - Lease Vehicle - Lab - The legislature approved an increase in state special revenue authority to meet increased costs associated with the laboratory's leased vehicle. Base-year expenditures did not include the cost of leasing for a full year.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 693 - Statewide Travel Reduction										
03	0.00	(82)	0	0	(82)	0.00	(82)	0	0	(82)
<b>Total</b>	<b>0.00</b>	<b>(\$82)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$82)</b>	<b>0.00</b>	<b>(\$82)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$82)</b>

### New Proposals

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 1 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	12.50	4.50	0.00	17.00	4.50	0.00	17.00	17.00
Personal Services	439,116	230,743	0	669,859	234,291	0	673,407	1,343,266
Operating Expenses	151,785	426,946	295,423	874,154	426,541	311,034	889,360	1,763,514
Equipment	51,176	27,839	10,000	89,015	54,761	10,000	115,937	204,952
Benefits & Claims	4,150	0	0	4,150	0	0	4,150	8,300
<b>Total Costs</b>	<b>\$646,227</b>	<b>\$685,528</b>	<b>\$305,423</b>	<b>\$1,637,178</b>	<b>\$715,593</b>	<b>\$321,034</b>	<b>\$1,682,854</b>	<b>\$3,320,032</b>
State/Other Special	646,227	34,218	177,823	858,268	64,283	177,823	888,333	1,746,601
Federal Special	0	651,310	127,600	778,910	651,310	143,211	794,521	1,573,431
<b>Total Funds</b>	<b>\$646,227</b>	<b>\$685,528</b>	<b>\$305,423</b>	<b>\$1,637,178</b>	<b>\$715,593</b>	<b>\$321,034</b>	<b>\$1,682,854</b>	<b>\$3,320,032</b>

### Program Description

The Animal Health Program provides diagnosis, prevention, control, and eradication of animal diseases, including those of bison and game farm animals. The program cooperates with the departments of Public Health and Human Services, Fish, Wildlife, and Parks, and Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points including auction markets and certain animal-product processing facilities, such as rendering plants. The Rabies Control Unit protects human health from rabies by controlling the transmission of domestic animal and wildlife rabies, particularly through the eradication of skunks.

### Funding

The Animal Health Program is funded with state and federal special revenues. Primary funding comes from the Livestock Per Capita Account, with a smaller amount from the Animal Health Account. The Livestock Per Capita Account receives revenue from a tax on livestock ownership. The Animal Health Account receives revenue from the milk tax, inspection and testing fees, and various state and federal cost recoveries for services provided. Federal funding is entirely from Bison Control funds.

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				87,315						90,477
Vacancy Savings				(14,412)						(14,507)
Inflation/Deflation				(453)						(453)
Fixed Costs				(4,840)						(4,840)
<b>Total Statewide Present Law Adjustments</b>				<b>\$67,610</b>						<b>\$70,677</b>
DP 1 - Bison - Federal Funds										
5.00	0	0	653,850	653,850	5.00	0	0	653,850	653,850	
DP 7 - Replacement Vehicles - Animal Health										
0.00	0	(16,118)	0	(16,118)	0.00	0	10,804	0	10,804	
DP 17 - Administrative Secretary										
(0.50)	0	(17,910)	0	(17,910)	(0.50)	0	(18,041)	0	(18,041)	
DP 24 - Out-of-State Travel										
0.00	0	5,685	0	5,685	0.00	0	5,685	0	5,685	
DP 31 - Leased Vehicle - Animal Health										
0.00	0	4,916	0	4,916	0.00	0	5,152	0	5,152	
DP 34 - Equipment Reduction-Animal Health										
0.00	0	(6,043)	0	(6,043)	0.00	0	(6,043)	0	(6,043)	
DP 699 - Vacancy Savings at 4 Percent										
0.00	0	(3,922)	(2,540)	(6,462)	0.00	0	(3,951)	(2,540)	(6,491)	
<b>Total Other Present Law Adjustments</b>										
4.50	\$0	(\$33,392)	\$651,310	\$617,918	4.50	\$0	(\$6,394)	\$651,310	\$644,916	
<b>Grand Total All Present Law Adjustments</b>				<b>\$685,528</b>						<b>\$715,593</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Bison - Federal Funds - The legislature approved an increase to federal special revenue authority plus 5.0 additional FTE for bison control activities related to brucellosis prevention. Approved expenditures include personal services costs for ground crews, supplies, and equipment purchase and rental. The legislature designated this appropriation as restricted/one-time-only.

DP 7 - Replacement Vehicles - Animal Health - The legislature approved an adjustment to state special revenue authority to allow purchase of replacement vehicles. This adjustment includes a decrease in fiscal 2002 and an increase in fiscal 2003. This adjustment is funded entirely from the Livestock Per Capita Account.

DP 17 - Administrative Secretary - The legislature approved the transfer of 1.0 FTE and the funding for that position from the Animal Health and Inspection and Control Programs to a consolidated position in the Centralized Services Division. This transfer does not change the total number of FTE.

DP 24 - Out-of-State Travel - The legislature approved an increase in state special revenue authority to allow out-of-state travel for division personnel. Scheduled meetings include: United States Animal Health Association, Western States Animal Health Association, Northwest Livestock Meeting, Western States Livestock Investigators Association, Livestock Conservation Institute, and the National Cattlemen's Beef Association. This increase is funded entirely from the Livestock Per Capita Account.

DP 31 - Leased Vehicle - Animal Health - The legislature approved an increase in state special revenue authority to accommodate cost increases associated with the division's leased vehicle, which is assigned to the state veterinarian.



DP 34 - Equipment Reduction-Animal Health - The legislature approved an adjustment to eliminate funding from base-year expenditures for one-time equipment purchases.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1 - Brucellosis/Other Disease Outbreak										
04	0.00	0	177,823	0	177,823	0.00	0	177,823	0	177,823
DP 5 - Greater Yellowstone Interagency Brucellosis Comm.										
04	0.00	0	0	127,600	127,600	0.00	0	0	143,211	143,211
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$177,823</b>	<b>\$127,600</b>	<b>\$305,423</b>	<b>0.00</b>	<b>\$0</b>	<b>\$177,823</b>	<b>\$143,211</b>	<b>\$321,034</b>

### New Proposals

DP 1 - Brucellosis/Other Disease Outbreak - The legislature approved an allocation of state special revenue authority to provide the department with the flexibility to respond to outbreaks of serious diseases. The allocation is funded by the Livestock Per Capita Account. The legislature designated this appropriation as restricted/one-time-only.

DP 5 - Greater Yellowstone Interagency Brucellosis Comm. - The legislature approved an increase to federal special revenue authority for the department's activities with the Greater Yellowstone Interagency Brucellosis Committee. Approved expenditures include travel, supplies, communications, and contract services costs in support of interagency meetings, research, and analysis. The legislature designated this appropriation as restricted/one-time-only.

### Language

The department shall record separately all personal services, operating expenses, equipment, and capital expenditures related to bison control for all programs in which any resources are expended for that purpose on the statewide budgeting and accounting system in a manner so that those expenditures may be readily derived and shall create a summary report. The department shall provide an annual report by program to the Legislative Fiscal Analyst and the Office of Budget and Program Planning of all expenditures related to bison control.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	4.50	0.00	0.00	4.50	0.00	0.00	4.50	4.50
Personal Services	203,047	3,975	0	207,022	5,359	0	208,406	415,428
Operating Expenses	29,782	3,175	0	32,957	6,427	0	36,209	69,166
Equipment	29,671	(2,749)	0	26,922	(2,749)	0	26,922	53,844
<b>Total Costs</b>	<b>\$262,500</b>	<b>\$4,401</b>	<b>\$0</b>	<b>\$266,901</b>	<b>\$9,037</b>	<b>\$0</b>	<b>\$271,537</b>	<b>\$538,438</b>
State/Other Special	241,831	312	0	242,143	4,944	0	246,775	488,918
Federal Special	20,669	4,089	0	24,758	4,093	0	24,762	49,520
<b>Total Funds</b>	<b>\$262,500</b>	<b>\$4,401</b>	<b>\$0</b>	<b>\$266,901</b>	<b>\$9,037</b>	<b>\$0</b>	<b>\$271,537</b>	<b>\$538,438</b>

### Program Description

The Milk and Egg Program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, which are done in cooperation with other state and federal agencies.

### Funding

The Milk and Egg Program is funded with a mixture of state and federal special revenues. State special revenue is derived from a portion of the 14.95 cents per hundred-weight tax on Class I milk sold by producers in Montana. Federal funds are provided by the U.S. Department of Agriculture to conduct shell egg surveillance.

Present Law Adjustments											
-----Fiscal 2002-----						-----Fiscal 2003-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services					12,600					14,043	
Vacancy Savings					(5,938)					(5,982)	
Inflation/Deflation					(163)					(163)	
Fixed Costs					(509)					(509)	
Total Statewide Present Law Adjustments					\$5,990						\$7,389
DP 8 - Replacement Pickups - Milk & Egg Inspection											
	0.00	0	5,995	0	5,995	0.00	0	5,995	0	5,995	
DP 25 - Out-of-State Travel-Milk & Egg											
	0.00	0	3,847	0	3,847	0.00	0	7,099	0	7,099	
DP 35 - Equipment Reduction Milk & Egg Program											
	0.00	0	(8,744)	0	(8,744)	0.00	0	(8,744)	0	(8,744)	
DP 699 - Vacancy Savings at 4 Percent											
	0.00	0	(2,445)	(242)	(2,687)	0.00	0	(2,464)	(238)	(2,702)	
Total Other Present Law Adjustments											
	0.00	\$0	(\$1,347)	(\$242)	(\$1,589)	0.00	\$0	\$1,886	(\$238)	\$1,648	
Grand Total All Present Law Adjustments					\$4,401						\$9,037

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 8 - Replacement Pickups - Milk & Egg Inspection - The legislature approved an increase in state special revenue to purchase replacement vehicles. The increase allows the purchase of one replacement pickup in each year of the biennium. The increase is funded entirely from the Animal Health State Special Revenue Account.

DP 25 - Out-of-State Travel-Milk & Egg - The legislature approved an increase in state special revenue authority for out-of-state travel for Milk and Egg Program staff. Scheduled meetings include: Pacific Regional Milk Seminar, FDA 510 Special Problem Course, regional FDA training course, and the National Conference for Interstate Milk Shipments. This increase is funded entirely from the Animal Health State Special Revenue Account.

DP 35 - Equipment Reduction Milk & Egg Program - The legislature approved an adjustment to eliminate expenditures for one-time equipment purchases from the base budget.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	62.21	0.50	0.00	62.71	0.50	0.00	62.71	62.71
Personal Services	2,176,166	10,497	43,154	2,229,817	23,944	0	2,200,110	4,429,927
Operating Expenses	302,420	(2,672)	2,500	302,248	(2,471)	0	299,949	602,197
Equipment	139,392	22,140	0	161,532	(5,232)	0	134,160	295,692
<b>Total Costs</b>	<b>\$2,617,978</b>	<b>\$29,965</b>	<b>\$45,654</b>	<b>\$2,693,597</b>	<b>\$16,241</b>	<b>\$0</b>	<b>\$2,634,219</b>	<b>\$5,327,816</b>
State/Other Special	2,617,978	(9,279)	45,654	2,654,353	(23,140)	0	2,594,838	5,249,191
Federal Special	0	39,244	0	39,244	39,381	0	39,381	78,625
<b>Total Funds</b>	<b>\$2,617,978</b>	<b>\$29,965</b>	<b>\$45,654</b>	<b>\$2,693,597</b>	<b>\$16,241</b>	<b>\$0</b>	<b>\$2,634,219</b>	<b>\$5,327,816</b>

### Program Description

The Inspection and Control Program, as part of the Brands Enforcement Division, is responsible for investigating livestock thefts, investigating stray livestock, making brand inspections, recording livestock brands, filing security interests on livestock, licensing livestock auctions, licensing livestock dealers, and making hide and beef inspections.

### Funding

The Inspection and Control Program is funded with state and federal special revenues. The Inspection and Control Account provides 79 percent of the funding for this program and receives revenues from livestock license and permit fees, inspection and testing fees, and interest earnings. The Livestock Per Capita Account provides 19 percent of program funding with revenues from a tax on livestock ownership. Federal funds pay costs for a 1.0 FTE administrator position in the Bison Control program that is currently assigned to the Inspection and Control program. During the 2003 biennium, the FTE and federal funding will be transferred into the Animal Health Division.

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				(31,211)						(17,849)
Vacancy Savings				(57,764)						(58,165)
Inflation/Deflation				(1,018)						(817)
Fixed Costs				(4,585)						(4,585)
<b>Total Statewide Present Law Adjustments</b>				<b>(\$94,578)</b>						<b>(\$81,416)</b>
DP 6 - Vehicle Replacement - Inspection & Control	0.00	0	22,140	0	22,140	0.00	0	(5,232)	0	(5,232)
DP 18 - Administrative Secretary	(0.50)	0	(17,910)	0	(17,910)	(0.50)	0	(18,041)	0	(18,041)
DP 26 - Inspector Overtime	0.00	0	106,495	0	106,495	0.00	0	106,495	0	106,495
DP 27 - Out-of-State Travel - Inspection & Control	0.00	0	2,931	0	2,931	0.00	0	2,931	0	2,931
DP 30 - Re-establish Position Funding	1.00	0	0	39,244	39,244	1.00	0	0	39,381	39,381
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(28,357)	0	(28,357)	0.00	0	(27,877)	0	(27,877)
<b>Total Other Present Law Adjustments</b>	<b>0.50</b>	<b>\$0</b>	<b>\$85,299</b>	<b>\$39,244</b>	<b>\$124,543</b>	<b>0.50</b>	<b>\$0</b>	<b>\$58,276</b>	<b>\$39,381</b>	<b>\$97,657</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$29,965</b>						<b>\$16,241</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 6 - Vehicle Replacement - Inspection & Control - The legislature approved an increase in state special revenue authority to replace department-owned vehicles. The increase enables the department to purchase six vehicles in fiscal 2002 and five vehicles in fiscal 2003, and is funded entirely from the Inspection and Control Account.

DP 18 - Administrative Secretary - The legislature approved the transfer of 1.0 FTE and the funding for that position from the Animal Health and Inspection and Control Programs to a consolidated position in the Centralized Services Division. This transfer does not change the total number of FTE.

DP 26 - Inspector Overtime - The legislature approved an increase in state special revenue authority for overtime for 46 market inspectors. The increase is funded entirely from the Inspection and Control Account.

DP 27 - Out-of-State Travel - Inspection & Control - The legislature approved an increase in state special revenue authority for out-of-state travel for Inspection and Control Program staff, allowing attendance at the International Livestock Identification meeting and the Western States Livestock Investigators Association meeting. The increase is funded entirely from the Inspection and Control Account.

DP 30 - Re-establish Position Funding - The legislature approved an increase in federal special revenue authority to re-establish funding for a position inadvertently omitted from the adjusted base budget.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 4 - Re-record Brands										
06	0.00	0	45,654	0	45,654	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$45,654</b>	<b>\$0</b>	<b>\$45,654</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### New Proposals

DP 4 - Re-record Brands - The legislature approved an increase in state special revenue to complete the brand rerecording process begun in the 2001 biennium. The increase is funded entirely from the Inspection and Control Account. The legislature designated the appropriation as restricted/one-time-only.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	1.00	0.00	(1.00)	0.00	0.00	(1.00)	0.00	0.00
Personal Services	0	0	0	0	0	0	0	0
Operating Expenses	511,471	(76,236)	0	435,235	(68,753)	0	442,718	877,953
<b>Total Costs</b>	<b>\$511,471</b>	<b>(\$76,236)</b>	<b>\$0</b>	<b>\$435,235</b>	<b>(\$68,753)</b>	<b>\$0</b>	<b>\$442,718</b>	<b>\$877,953</b>
State/Other Special	511,471	(76,236)	0	435,235	(68,753)	0	442,718	877,953
<b>Total Funds</b>	<b>\$511,471</b>	<b>(\$76,236)</b>	<b>\$0</b>	<b>\$435,235</b>	<b>(\$68,753)</b>	<b>\$0</b>	<b>\$442,718</b>	<b>\$877,953</b>

### Program Description

The Predator Control Program is administered by the Board of Livestock through the executive officer. The department owns two aircraft and contracts with the U.S. Department of Agriculture Wildlife Services. Predators, primarily coyotes, that kill or injure domestic livestock are controlled through helicopter hunting and contracted services.

### Funding

The Predator Control Program is funded entirely from the Livestock Per Capita Account, with revenue derived from a tax on livestock ownership.

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				0					0	0
Vacancy Savings				0					0	0
Fixed Costs				0					0	0
<b>Total Statewide Present Law Adjustments</b>				<b>\$0</b>					<b>\$0</b>	
DP 10 - Predator Control - FWP Contract										
0.00	0	(110,000)	0	(110,000)	0.00	0	(110,000)	0	(110,000)	
DP 28 - Predator Adjustments										
0.00	0	33,764	0	33,764	0.00	0	41,247	0	41,247	
<b>Total Other Present Law Adjustments</b>										
0.00	<b>\$0</b>	<b>(\$76,236)</b>	<b>\$0</b>	<b>(\$76,236)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$68,753)</b>	<b>\$0</b>	<b>(\$68,753)</b>	
<b>Grand Total All Present Law Adjustments</b>				<b>(\$76,236)</b>					<b>(\$68,753)</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 10 - Predator Control - FWP Contract - The legislature approved an adjustment to eliminate funding from base-year expenditures for predator control support to the Department of Fish, Wildlife, and Parks (FWP). For subsequent biennia, FWP will contract with the U.S. Department of Agriculture directly.

DP 28 - Predator Adjustments - The legislature approved an increase in state special revenue authority for increases in the cost of predator control contracts. This increase funds costs associated with operating a second helicopter, including contract services, maintenance, and aviation insurance, and is funded entirely from the Livestock Per Capita Account.



New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 689 - FTE Reduction										
08	(1.00)	0	0	0	0	(1.00)	0	0	0	0
<b>Total</b>	<b>(1.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(1.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### New Proposals

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium. A 1.0 FTE pilot slot was eliminated in the Predator Control Program.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	16.50	0.00	0.00	16.50	0.00	0.00	16.50	16.50
Personal Services	526,909	37,491	0	564,400	40,629	0	567,538	1,131,938
Operating Expenses	190,170	40,377	0	230,547	47,172	0	237,342	467,889
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$717,079</b>	<b>\$77,868</b>	<b>\$0</b>	<b>\$794,947</b>	<b>\$87,801</b>	<b>\$0</b>	<b>\$804,880</b>	<b>\$1,599,827</b>
General Fund	337,618	58,098	0	395,716	63,065	0	400,683	796,399
State/Other Special	1,772	(16)	0	1,756	(16)	0	1,756	3,512
Federal Special	377,689	19,786	0	397,475	24,752	0	402,441	799,916
<b>Total Funds</b>	<b>\$717,079</b>	<b>\$77,868</b>	<b>\$0</b>	<b>\$794,947</b>	<b>\$87,801</b>	<b>\$0</b>	<b>\$804,880</b>	<b>\$1,599,827</b>

### Program Description

The Meat and Poultry Inspection Program within the Meat, Milk and Egg Inspection Division was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service in order to assure clean, wholesome, and properly-labeled meat and poultry products for consumers.

### Funding

The Meat and Poultry Inspection Program is funded at the 50 percent level by federal meat/poultry inspection funds provided by the U.S. Department of Agriculture, and at the 49.8 percent level by the general fund. The remaining funding is state special revenue derived from annual meat establishment license fees.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				61,009					64,277
Vacancy Savings				(15,832)					(15,930)
Inflation/Deflation				166					278
Fixed Costs				42,203					47,047
<b>Total Statewide Present Law Adjustments</b>				<b>\$87,546</b>					<b>\$95,672</b>
DP 29 - Motor Pool Lease Vehicles									
0.00	(996)	0	(996)	(1,992)	0.00	(76)	0	(77)	(153)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(3,827)	(16)	(3,843)	(7,686)	0.00	(3,843)	(16)	(3,859)	(7,718)
<b>Total Other Present Law Adjustments</b>									
0.00	<b>(\$4,823)</b>	<b>(\$16)</b>	<b>(\$4,839)</b>	<b>(\$9,678)</b>	<b>0.00</b>	<b>(\$3,919)</b>	<b>(\$16)</b>	<b>(\$3,936)</b>	<b>(\$7,871)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$77,868</b>					<b>\$87,801</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 29 - Motor Pool Lease Vehicles - The legislature approved an adjustment to general fund and federal special revenue authority, allowing the department to replace three department-owned vehicles with leased vehicles during the 2003 biennium.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	122,598	26,492	0	149,090	26,801	0	149,399	298,489
Operating Expenses	36,004	(5,008)	6,557	37,553	(5,862)	6,960	37,102	74,655
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$158,602</b>	<b>\$21,484</b>	<b>\$6,557</b>	<b>\$186,643</b>	<b>\$20,939</b>	<b>\$6,960</b>	<b>\$186,501</b>	<b>\$373,144</b>
State/Other Special	158,602	21,484	6,557	186,643	20,939	6,960	186,501	373,144
<b>Total Funds</b>	<b>\$158,602</b>	<b>\$21,484</b>	<b>\$6,557</b>	<b>\$186,643</b>	<b>\$20,939</b>	<b>\$6,960</b>	<b>\$186,501</b>	<b>\$373,144</b>

### Program Description

The Milk Control Bureau regulates and controls the transfer of milk among producers and plants by enforcing Montana milk control laws and rules. This program ensures compliance with state laws through minimum producer pricing, and by enforcing state law and rules established by the Board of Milk Control, which is administratively attached to the Department of Livestock. The Milk Control Bureau also collects the milk tax used to support milk regulatory and testing functions in the department. Milk Control Bureau staff members are employees of the Department of Livestock.

### Funding

The Milk Control Bureau is funded entirely from state special revenue obtained from assessments on Montana milk producers.

Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				27,965						28,807
Vacancy Savings				(4,092)						(4,117)
Inflation/Deflation				336						550
Fixed Costs				(10,694)						(10,694)
<b>Total Statewide Present Law Adjustments</b>				<b>\$13,515</b>						<b>\$14,546</b>
DP 32 - Board Meetings & Training	0.00	0	8,518	0	8,518	0.00	0	6,950	0	6,950
DP 33 - In-State Travel Increase	0.00	0	1,382	0	1,382	0.00	0	1,382	0	1,382
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(1,931)	0	(1,931)	0.00	0	(1,939)	0	(1,939)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$7,969</b>	<b>\$0</b>	<b>\$7,969</b>	<b>0.00</b>	<b>\$0</b>	<b>\$6,393</b>	<b>\$0</b>	<b>\$6,393</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$21,484</b>						<b>\$20,939</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 32 - Board Meetings & Training - The legislature approved an increase in state special revenue authority for Board of Milk Control meetings and training. This increase allows for three additional regular meetings and one additional training/procedures review meeting.

**DP 33 - In-State Travel Increase** - The legislature approved an increase to state special revenue authority for in-state travel. This increase enables the Milk Control Chief to participate in four audits and the program specialist to participate in two audits, and is funded entirely from the Milk Control Bureau account.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 4 - Office Space 37	0.00	0	6,557	0	6,557	0.00	0	6,960	0	6,960
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$6,557</b>	<b>\$0</b>	<b>\$6,557</b>	<b>0.00</b>	<b>\$0</b>	<b>\$6,960</b>	<b>\$0</b>	<b>\$6,960</b>

### New Proposals

**DP 4 - Office Space** - The legislature approved an increase in state special revenue authority to enable the department to rent a state-owned building as accommodations for the Milk Control Bureau. This increase is funded entirely by the Milk Control Bureau Account.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	500.28	2.09	(7.02)	495.35	2.09	(6.02)	496.35	496.35
Personal Services	18,454,168	1,389,645	(29,450)	19,814,363	1,513,533	4,156	19,971,857	39,786,220
Operating Expenses	8,161,506	5,702,221	1,457,780	15,321,507	1,863,388	807,029	10,831,923	26,153,430
Equipment	754,526	72,132	75,000,000	75,826,658	67,132	0	821,658	76,648,316
Capital Outlay	847	0	0	847	0	0	847	1,694
Local Assistance	221,000	0	34,000	255,000	0	0	221,000	476,000
Grants	889,760	0	331,000	1,220,760	0	275,000	1,164,760	2,385,520
Benefits & Claims	1,600,977	(1,100,977)	0	500,000	(1,100,977)	0	500,000	1,000,000
Transfers	355,419	33,750	0	389,169	33,750	0	389,169	778,338
Debt Service	389,765	194,402	0	584,167	194,602	38,000	622,367	1,206,534
Total Costs	\$30,827,968	\$6,291,173	\$76,793,330	\$113,912,471	\$2,571,428	\$1,124,185	\$34,523,581	\$148,436,052
General Fund	16,529,294	118,843	74,950,565	91,598,702	(68,215)	19,239	16,480,318	108,079,020
State/Other Special	12,791,352	5,886,228	819,267	19,496,847	2,343,133	857,160	15,991,645	35,488,492
Federal Special	1,507,322	286,102	1,023,498	2,816,922	296,510	247,786	2,051,618	4,868,540
Total Funds	\$30,827,968	\$6,291,173	\$76,793,330	\$113,912,471	\$2,571,428	\$1,124,185	\$34,523,581	\$148,436,052

### Agency Description

The Department of Natural Resources is tasked to: 1) manage the state trust land resource to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income-generating capacity of the land; 2) protect Montana's natural resources from wildfires through regulation and partnerships with federal, state, and local agencies; 3) promote stewardship of state water, soil, forest, and rangeland resources, and regulate forest practices to protect water quality; 4) provide administrative, legal, and technical assistance and financial grants to the conservation districts and provide natural resource conservation and development programs; 5) resolve water resource use conflicts, manage state water projects, investigate water use violations, ensure dam safety compliance, and provide water adjudication support to the Water Court; 6) provide administrative support to the Reserved Water Rights Compact Commission to negotiate the settlement of reserved water rights claims of Indian Tribes and federal agencies; and 7) provide administrative support to the Board of Oil and Gas Conservation to assist in conservation of oil and gas and prevention of resource waste through regulation of oil and gas exploration and production. The State Board of Land Commissioners, comprised of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State, exercise the general authority, direction, and control over the care, management, and disposition of state lands under its administration. The director is the chief administrative officer of the board.

### Summary of Legislative Action

The Department of Natural Resources and Conservation budget, as approved by the legislature, increased by \$84.8 million, including a \$74.5 million general fund increase, compared to the 2001 biennium. FTE increased by 4.34 over the fiscal 2000 level. The legislature approved present law changes in HB 2, adding 2.09 FTE in each year of the biennium and increasing base expenditures by \$8.9 million (\$50,628 general fund) over the 2003 biennium. New proposals in HB 2 reduced FTE by 7.02 in fiscal 2002 and 6.02 in fiscal 2003 and increased funding by \$77.9 million over the biennium. Major budgetary issues include the following:

- The legislature enacted SB 495, which revises school funding through the use of the public school fund. The bill provides loan proceeds (no more than \$75.0 million) from the coal severance tax permanent fund to the Department of Natural Resources and Conservation for the purchase of mineral production rights for the next thirty years. The mineral royalties from school trust lands will be deposited into a guarantee account intended to stabilize the long-term growth of the permanent fund and to maintain an increasing and distributable revenue stream. The legislature appropriated \$75.0 million general fund to enact this bill
- The legislature approved funding of \$0.5 million for engineering and environmental planning purposes to continue work on regional water systems
- An appropriation of \$3.6 million was granted to begin work on the Bair and Nevada Creek Dams. These are high-hazard earthen dams that pose a state liability risk if failure should occur



- The legislature is continuing with a program to map floodways and floodplains
- An appropriation of \$0.3 million was granted to increase the number of irrigated acres in the state
- Because of the severe fire season in 2000, the legislature appropriated \$0.5 million for conservation seedlings and forest rehabilitation
- An appropriation totaling \$250,000 was granted for administrative support of the North Central Montana regional water authority
- Federal funding totaling \$0.6 million was appropriated for two new programs designed to assess homeowner defensible space and to create a matching funds program to restore damaged forests and educate landowners
- Authority for \$156,000 federal special revenue was approved for a program designed to monitor the health of the state forests
- The legislature eliminated funding for the Agricultural Heritage program. Although the program will be terminated, the department must continue to manage the financial portion of the program for existing contracts. Not all program participants have received funds agreed upon in contractual agreements. The department will continue to monitor contractual compliance and pay participants when conditions are met. Costs associated with these activities will be absorbed within current budgets. In the fiscal 1999 legislative session, the Agricultural Heritage program was funded as a one-time-only project. Thus, the department's expenditure for this program is not reflected in the base
- The legislature accepted a proposal to reduce settlement payments to the Crow Tribe. This had the effect of decreasing general fund expenditures by \$2.0 million over the biennium. This reduction is a policy decision to put the state on track to pay the water rights and coal tax litigation settlement with Crow Tribe over a 15-year period rather than on an accelerated 10-year period

### **Supplemental Appropriation Description**

The legislature usually does not appropriate any general fund in the general appropriations act to suppress wildfires (other than personal services appropriated for other purposes, but spent on fire suppression). Instead, it appropriates funding through: 1) a supplemental appropriation to reimburse the department for appropriation transfers and actual and expected fire suppression costs; and/or 2) statutory appropriations of up to \$12.0 million if the Governor declares a wildfire emergency. In the 2001 biennium, fire suppression efforts cost approximately \$59.1 million. Table 1 describes how the fire suppression supplemental appropriation was calculated.

Table 1  
Natural Resources and Conservation  
2001 Fire Supplemental

**PART 1:****FY 2000/01 ACTUAL & ESTIMATED FIRE COSTS**

Appropriation transfer (fiscal 2000 actual costs)	\$4,048,986	
State protection Costs	26,753,878	
Anticipated DNRC Expenditures	500,000	
U.S. Forest Service/BLM Bill	27,712,220	
DNRC Fire Budgeted Costs to be Backed Out	(425,510)	
Spring Fire Estimate for 2001	<u>475,000</u>	
<b>PAID &amp; ANTICIPATED OBLIGATIONS</b>		<b>\$59,064,574</b>

**PART 2:****COSTS COVERED BY OTHER SOURCES**

FEMA advances already received	\$20,740,000	
Governor's emergency fund advance	<u>5,100,000</u>	
<b>TOTAL COSTS COVERED BY OTHER SOURCES</b>		<b><u>25,840,000</u></b>

DNRC fire suppression costs included in the supplemental appropriation		<u><b>\$33,224,574</b></u>
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**SUPPLEMENTAL SUMMARY**

House Bill 17	\$6,048,986	
House Bill 3	<u>27,175,588</u>	
<b>TOTAL SUPPLEMENTAL APPROPRIATION</b>		<b><u>\$33,224,574</u></b>

**PART 3:****NET COST TO THE STATE OF MONTANA**

Supplemental Appropriation		\$33,224,574
Assistance to other agencies	\$8,138,272	
Remainder of FEMA reimbursements	14,569,423	
Governor's emergency fund advance	<u>(5,100,000)</u>	
<b>SUBTOTAL</b>		<b><u>\$17,607,695</u></b>
<b>NET COST TO STATE (PRELIMINARY)</b>		<b><u>\$15,616,879</u></b>

Part 1 of the table shows total estimated costs for state-responsibility fires, including the anticipated bill from the federal government for assistance in fighting Montana fires. The department must: 1) replace \$4.1 million of fiscal 2001 general fund operating appropriations spent for wildfire suppression in fiscal 2000; 2) replace \$26.8 million of state costs already paid in fiscal 2001; 3) pay \$0.5 million to cover anticipated costs not yet processed; 4) pay an estimated \$27.7 million to federal agencies for their costs yet to be billed for fighting state fires; 5) deduct \$0.4 million for personnel costs that had been budgeted; and 6) set aside an estimated \$475,000 for anticipated spring 2001 wildfire costs. These calculations bring the cost of fire suppression to approximately \$59.1 million.

Part 2 shows those portions of the cost that have been covered by non-DNRC funds such as a Federal Emergency Management Agency (FEMA) grant and the Governor's emergency fund. Because of the severity of the 2001 biennium

fire season, FEMA has agreed to pay for 100 percent of FEMA-qualified fire suppression costs. Qualified costs include costs of suppression between the time of mobilization and de-mobilization of the suppression effort. As the table shows, Montana has so far received \$20.7 million from FEMA. In addition to the FEMA grant, the department also utilized \$5.1 million from the Governor's emergency fund. As part 2 illustrates, the total supplemental appropriation approved by the legislature was \$33.2 million.

Part 3 shows the net cost of Montana's fire suppression efforts. Certain fire suppression costs have to be paid immediately but will be eventually be returned to Montana. The state will receive the remainder of a FEMA grant (\$14.6 million) and reimbursements from other states for Montana's assistance in fighting their fires (\$8.1 million). While the utilization of the Governor's statutory emergency fund reduced the amount of supplemental appropriation needed to pay for immediate costs until further reimbursement is received, in order to arrive at the net general fund cost to Montana, this general fund expenditure must also be accounted for. As part 3 shows, the 2001 biennium fire season will ultimately cost Montana just over \$15.6 million. However, delays in processing the remainder of FEMA documents could delay receipt of this grant until fiscal 2002.

The department received the total supplemental appropriation in two bills - HB 17 and HB 3. HB 17 was introduced early in the session for expedited action by the legislature and totaled just over \$6.1 million. This appropriation was comprised of a \$2.0 million general fund appropriation that was transferred from the Water Resources division to the Forestry Division, and \$4.1 million that was utilized from the Forestry Division's fiscal 2001 general fund operating appropriation to pay costs of fiscal 2000 fire costs. All remaining fire suppression costs were funded in HB 3, which totaled \$27.2 million. As stated earlier, the legislature appropriated \$0.5 million for fire suppression in the 2003 biennium with the anticipation that all other costs would again be funded through supplemental appropriations.

### Agency Discussion

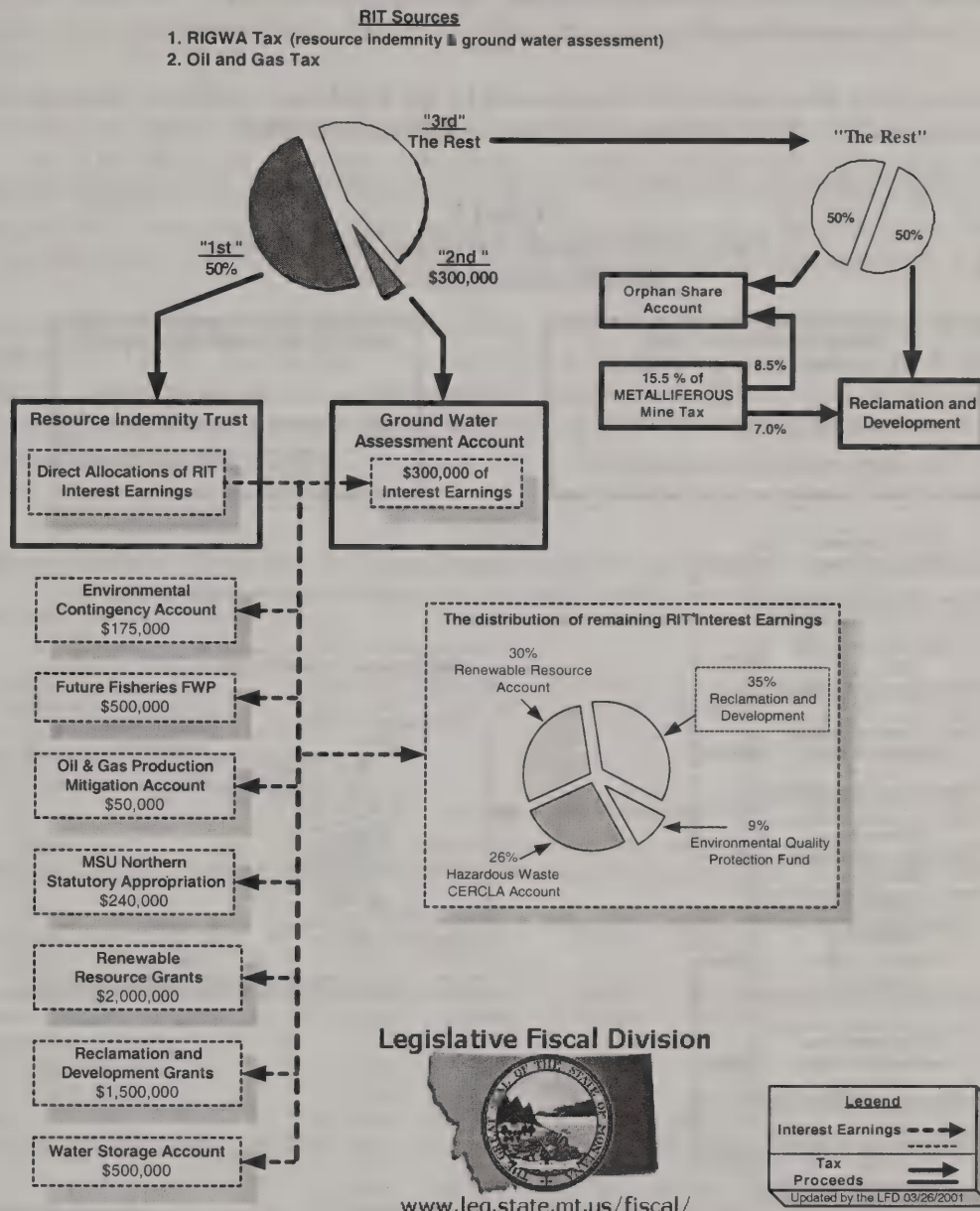
#### Resource Indemnity Trust

The Montana Constitution (Article IX, Section 2) requires the existence of the Resource Indemnity Trust (RIT) and states, "The principal of the resource indemnity trust shall forever remain inviolate in an amount of one hundred million dollars (\$100,000,000) guaranteed by the state against loss or diversion."

Currently, the trust receives 50 percent of the revenue from: 1) the resource indemnity and ground water assessment (RIGWA) tax paid by mineral producers; and 2) portions of oil and natural gas production taxes that are allocated for distribution under RIT statutes. The remaining taxes are deposited in accounts established for various purposes. Chart 1 shows the flow of RIT proceeds and interest to expenditure accounts in fiscal 2002, before the trust reaches \$100 million.



**Chart 1**  
**Flow of RIT Taxes & Interest Proceeds, Fiscal 2002**  
**(Prior to the RIT reaching \$100 Million)**



After the RIT reaches \$100 million, which is anticipated to occur in fiscal 2002, the distribution of RIGWA and oil and gas tax proceeds will change beginning in fiscal 2003. For a further discussion, see the "Legislative Changes" section.

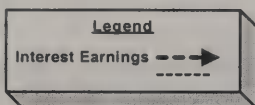
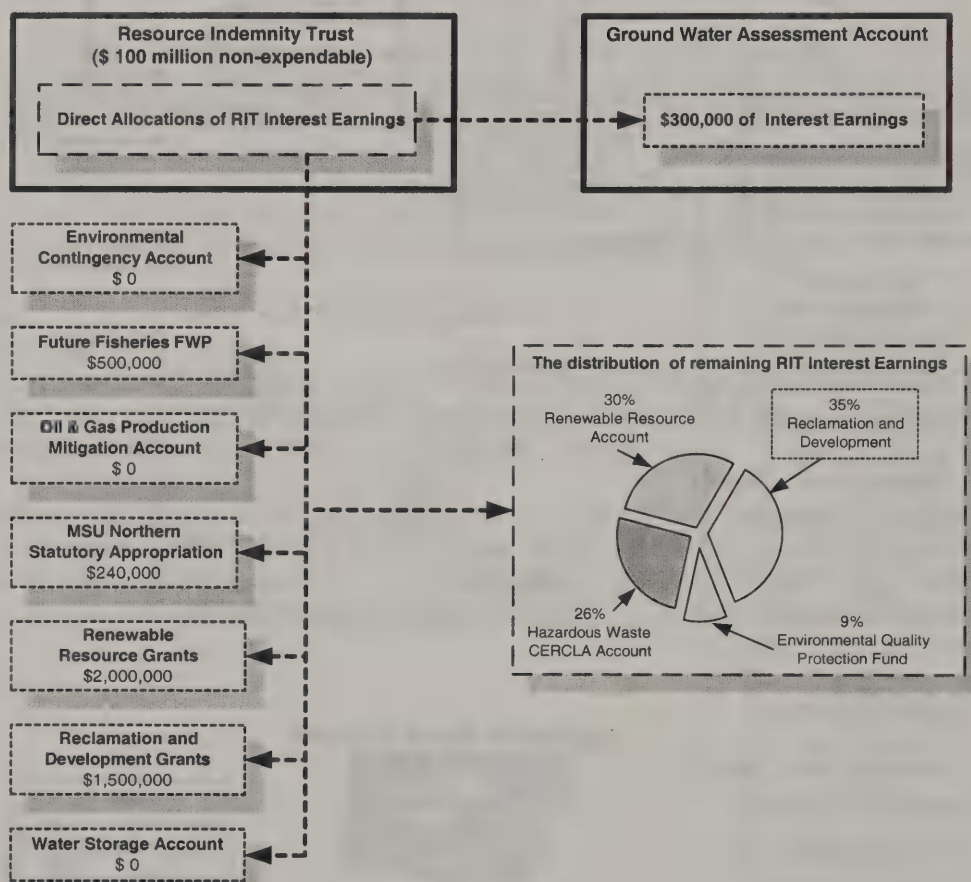
### Trust Interest

The constitution does not restrict the spending of interest from the RIT. For the 2003 biennium, statute allocates \$9.8 million of the interest for eight purposes. After the direct allocations are made, any interest remaining is allocated as follows:

1. 30 percent to the renewable resource account;
2. 35 percent to the reclamation and development account, which also receives portions of the RIGWA and metalliferous mines tax proceeds;
3. 26 percent to the hazardous waste/CERCLA account; and
4. 9 percent to the environmental quality protection fund.

The four accounts, along with other income, are appropriated by the legislature in HB 2 to fund operational costs of six agencies. Chart 2 shows the flow of interest allocations from the RIT in fiscal 2003.

**Chart 2**  
**Flow of RIT Interest Earnings, Fiscal 2003**  
**(After RIT reaches \$100 million)**



Updated by the LFD 05/07/2001

Legislative Fiscal Division



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Table 2 shows four elements of RIT. The first and second elements show the RIT revenues and trust balance for the past four fiscal years and Revenue and Taxation Committee (RATC) projections for fiscal years 2001, 2002, and 2003. Based upon RATC estimates, the trust balance will be \$99.6 million in fiscal 2001 and will be \$101.1 million in fiscal 2002. Since the trust will not receive any further distributions after it tops \$100.0 million in 2003, the trust balance will remain at \$101.1 million (However, the legislature appropriated funds in excess of \$100 million and spending of this excess will begin in fiscal 2003).

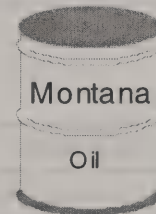
The third element shows the amount of interest generated by the RIT and the amounts that are allocated by statute for specific purposes in the 2003 biennium. As shown, allocations to accounts that receive a portion of the tax will increase in fiscal 2003 when tax revenues are no longer deposited to the trust. The fourth section shows seven main accounts that receive RIT interest and other revenues. Calculations are shown for each account to determine available fund balances at the beginning of fiscal 2002, a list of revenue sources, and a list of appropriations as approved by the legislature.

The revenue figures for fiscal 2000 are overstated. Accounting errors resulted in revenue estimates being approximately \$1.8 million too high in fiscal 2000. The Legislative Fiscal Division received a reconciliation of adjustments made by the Department of Revenue to remedy the problem. Because fiscal 2000 is closed for accounting purposes, accounting rules dictate that a prior period adjustment be made in fiscal 2001. Consequently, the fiscal 2001 figure is understated to compensate for the overstatement in fiscal 2000.

**Table 2**  
**Resource Indemnity Trust (RIT): Proceeds, Interest Earnings, and Related Expenditure Accounts**  
**2003 Biennium Projections (Prior to and after the RIT Reaches \$100 Million)**

<b>1</b>		<u>Fiscal 1997</u>	<u>Fiscal 1998</u>	<u>Fiscal 1999</u>	<u>Fiscal 2000</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
<b>RIT Revenues (RATC estimates)</b>								
	RIGWAT Coal, Oil, Natural Gas Proceeds	\$1,431,779	\$997,607	\$900,648	\$3,396,285	\$1,570,000	\$1,452,000	\$0
	RIGWAT Error Adjustments	0	0	0	0	(1,841,653)	0	0
	Legislative Changes -- Weeds (\$500K), Water Treatment (\$540K)						0	(1,040,000)
	Legislative Changes -- Subdivisions, Cons. Dist., Irrigation grants						0	(16,874)
	Total Deposits	\$1,431,779	\$997,607	\$900,648	\$3,396,285	(\$271,653)	\$1,452,000	(\$1,056,874)
	Trust Balance (\$100 million floor)*	\$94,581,987	\$95,579,594	\$96,480,242	\$99,876,527	\$99,604,874	\$101,056,874	\$100,000,000

<b>2</b>		<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>	<u>Biennium Total</u>
<b>Total RIGWA Tax (RATC estimates)</b>					
	\$3,140,000	\$2,904,000	\$2,809,000	\$5,713,000	
<b>Statutory Allocations</b>					
	Reclamation & Development-50% of rest (02458)	635,000	576,000	1,221,500	1,797,500
	Groundwater Assessment Account-direct (02289)	300,000	300,000	366,000	666,000
	Renewable Resources Account-0% (02272)	0	0	0	0
	Orphan Share Account-50% of rest (02472)	635,000	576,000	1,221,500	1,797,500
	Resource Indemnity Trust-50% (09003)	<u>1,570,000</u>	<u>1,452,000</u>	<u>0</u>	<u>1,452,000</u>
	Total Allocations	\$3,140,000	\$2,904,000	\$2,809,000	\$5,713,000



<b>3</b>		<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>	<u>Biennium Total</u>
<b>RIT Interest Earnings (RATC estimates)</b>					
	\$7,467,000	\$7,582,000	\$7,609,000	\$15,191,000	
<b>Priority Statutory Allocations of Interest</b>					
	Environmental Contingency Account (02107)**	0	(175,000)	0	(175,000)
	Oil & Gas Prod. Damage Mitigation Account (02010)***	0	(50,000)	0	(50,000)
	Water Storage Account (02216)	0	(500,000)	0	(500,000)
	Groundwater Assessment Account-direct (02289)	(300,000)	(300,000)	(300,000)	(600,000)
	MSU-Northern Statutory Appropriation (02272)	(240,000)	(240,000)	(240,000)	(480,000)
	Fish, Wildlife, and Parks -- Future Fisheries	0	(500,000)	(500,000)	(1,000,000)
	Renewable Resource Grant & Loan Program (02272)	(2,000,000)	(2,000,000)	(2,000,000)	(4,000,000)
	Reclamation & Development Grants (grants) (02458)	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(3,000,000)</u>
	Total Allocations	(\$4,040,000)	(\$5,265,000)	(\$4,540,000)	(\$9,805,000)
	Amount Available for Further Distribution	\$3,427,000	\$2,317,000	\$3,069,000	\$5,386,000





4 Related Expenditure Accounts (2003 biennium totals)	Table 2 (Continued)						
	Renewable Resource (02272)	Reclamation & Development (02458)	Hazardous Waste/CERCLA (02070)	Environmental Quality Protect. (02162)	Groundwater Assessment (02289)****	Water Storage (02216)	Orphan Share (02472)
Further Distribution % of RIT Interest	30%	35%	26%	9%	0%	0%	0%
Beginning Fiscal 2001 Fund Balance (SABHRS)	\$3,089,373	\$3,299,722	\$1,003,164	\$692,078	\$255,033	\$618,532	\$3,162,681
Continuing appropriations	(3,219,636)	(3,061,668)	(3,676)	0	0	(167,866)	(500,000)
Credit for Unfinished Projects		900,000					
Reserved for long-term assets (outstanding loans)	(459,773)					(1,478,814)	
Reserved for long-term advances							
Fiscal 2001 appropriations	(1,453,924)	(1,704,881)	(866,148)	(841,735)	(656,000)	0	(539,308)
Fiscal 2001 adjustments -- Revenue Error Adjustments	(750,862)	(1,744,963)	(308,146)	(100,677)	0	0	(918,932)
Fiscal 2001 revenues (RATC, agency estimates)	<u>3,668,363</u>	<u>3,824,800</u>	<u>925,020</u>	<u>884,100</u>	<u>600,000</u>	<u>117,120</u>	<u>1,282,425</u>
Available Fund Balance Beginning FY2002	\$873,542	\$1,513,011	\$750,214	\$633,766	\$199,033	(\$911,027)	\$2,486,867
Revenues (RATC, agency estimates)							
RIT Interest-direct	\$4,480,000	\$3,000,000			\$600,000	\$500,000	
RIT Interest-further allocation by above %	1,615,800	1,885,100	1,400,360	484,740			
RIGWAT Proceeds		1,797,500			666,000		1,797,500
Metal Mines Tax (7%, 8.5%)		1,117,480					1,356,940
Leg. Changes 02458 -- HB572, 02458 -- HB 572, SB 322, SB 484		(200,000)					(1,017,250)
Sweep of Excess Coal Tax & Interest (from 04011)	120,000						
STIP/Other Interest	160,000		68,000	22,000		10,000	92,000
Cost Recoveries				480,000			
Administrative Fees	26,000					9,000	
State-owned Project Revenue	-	-	-	-	-	<u>225,400</u>	
Total Revenues	\$6,401,800	\$7,600,080	\$1,468,360	\$986,740	\$1,266,000	\$744,400	\$2,229,190
Executive Appropriations							
House Bills 6 and 7 Grants	\$4,000,000	\$4,700,741					
House Bill 6-Emergency/Private Grants	225,000						
MSU-Northern (statutorily appropriated)	480,000						
UM-Bureau of Mines					\$1,266,000		
DNRC-Conservation and Resource Devel. Division	682,647	1,264,205					
DNRC-Water Resources Division						500,000	
DEQ-Planning, Prevention & Assistance			\$319,593				
DEQ-Enforcement		10,551		9,655			
DEQ-Remediation			500,275	1,744,839			3,552,003
DEQ-Permitting & Compliance		2,968,285	1,056,094				
Governor's Office-Flathead Basin Commission	99,020						
Judiciary-Water Court	1,348,650						
Library Commission-NRIS	379,056	335,467					
House Bill 13	<u>12,615</u>	<u>90,686</u>	<u>42,613</u>	<u>38,707</u>	-	-	-
Total Appropriations	\$7,226,988	\$9,369,935	\$1,918,575	\$1,793,201	\$1,266,000	\$500,000	\$3,552,003
<b>Projected 2003 Biennium Ending Balance</b>	<b>\$48,354</b>	<b>(\$256,844)</b>	<b>\$299,999</b>	<b>(\$172,695)</b>	<b>\$199,033</b>	<b>(\$666,627)</b>	<b>\$1,164,054</b>
* Does not include unrealized investment gains or losses							
** The governor must report on the expenditures from the environmental contingency account in the executive budget. Expenditures are statutorily appropriated.							
*** Amounts are deposited to the oil & gas production damage mitigation account to bring the balance up to \$200,000 (82-11-161,MCA). All money in the account is statutorily appropriated.							
**** Amounts are deposited to the groundwater assessment account to bring the balance up to \$666,000. Any excess goes to the RIT trust (85-2-905, MCA).							

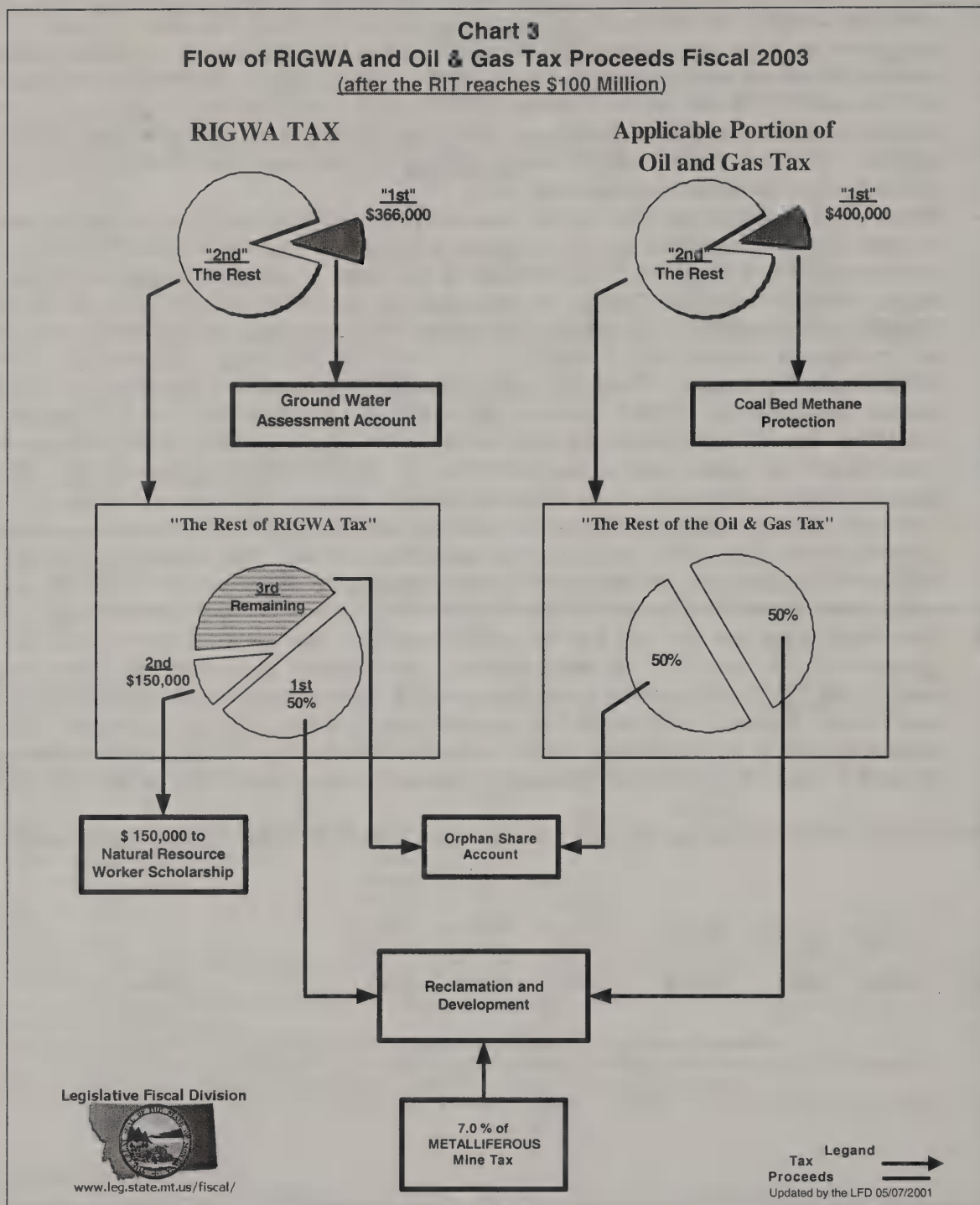
### Legislative Changes -- RIT

Based on the Revenue and Taxation Committee estimates, the trust should exceed the \$100 million threshold during fiscal 2002. When this occurs, the RIT will no longer receive any revenue. Because of newly enacted legislation, several changes in the distribution of resource indemnity and groundwater assessment taxes (RIGWA) and oil and gas taxes will occur. In previous biennia, these taxes were combined and distributed according to 15-38-106, MCA. The following are descriptions of the main changes that occur after the trust is certified to be \$100 million:

- HB 572 clarifies the distribution of oil and natural gas production taxes by creating a coal bed methane protection account. In addition, the bill creates a coal bed methane protection program to compensate landowners and water rights holders for damage caused by the development of coal bed methane. As a

- HB 572 clarifies the distribution of oil and natural gas production taxes by creating a coal bed methane protection account. In addition, the bill creates a coal bed methane protection program to compensate landowners and water rights holders for damage caused by the development of coal bed methane. As a result of this bill, oil and gas taxes (15-36-324, MCA) will no longer be distributed in the same manner as RIGWA taxes (15-38-106, MCA). Instead, HB 572 requires that \$400,000 be allocated to the coal bed methane protection fund each fiscal year. After that, remaining oil and gas taxes allocated for RIT purposes will be split equally with 50 percent going to the reclamation and development account and 50 percent going to the orphan share account
- SB 322 creates a natural resource workers' education program that provides tuition scholarships for natural resource workers unemployed due to a closure or a permanent reduction in force. The scholarships will provide education or retraining for a maximum of two years. Like distributions in previous biennia, a portion of RIGWA funds is allocated to the groundwater assessment account (\$366,000 in fiscal 2003). The bill then incorporates a distribution of 50 percent of the remaining RIGWA funds to the reclamation and development account. Next, a distribution of up to \$150,000 is made to the natural resource workers tuition scholarship account. Finally, all remaining RIGWA proceeds are deposited to the orphan share account. In past biennia, RIGWA taxes were combined with oil and gas taxes and distributed under 15-38-106, MCA. This bill also modifies that statute to clarify that these are exclusively RIGWA tax distributions
- In past biennia, the orphan share account received an 8.5 percent distribution from the metalliferous mines license tax and the reclamation and development account received a 7 percent distribution. SB 484 creates a hard rock mining reclamation debt service fund and authorizes the Board of Examiners to issue general obligation bonds of up to \$8.0 million for the purpose of hard rock mine reclamation. The bill funds the account with 8.5 percent of the metalliferous mines license tax by re-directing the portion that went into the orphan share account. The 7 percent distribution remains the same. This bill is effective July 1, 2002.
- Upon certification that the trust has reached \$100 million, any excess money in the trust has been appropriated by the legislature. In order of priority, the legislature appropriated: 1) \$0.5 million for weed control in SB 326; 2) \$0.54 million to the Department of Environmental Quality to purchase a zero coupon bond for water treatment at the former Zortman and Landusky mines; 3) \$120,000 for the Clark Fork River Basin study; and 4) any remaining cash left in the fund allocated two-thirds for conservation grants and one-third to irrigation grants in the Department of Natural Resources and Conservation, all in HB 2.

Chart 3 shows the flow of RIGWA and oil and gas taxes as they related to RIT after the trust reaches \$100 million in fiscal 2003.



### Fund Balances

Of the seven funds that derive income from the RIT, three are projected to have negative balances and four are projected to have positive ending fund balances. The Water Storage fund is projected to have a negative \$666,627 balance, and an incorrect estimate of the amount of cost recovery in the environmental quality protection fund will bring the estimated ending balance in that fund to a negative \$172,695 at the end of the 2003 biennium.



After legislative action, the reclamation and development fund is projected to have a negative \$256,844 balance at the end of the 2003 biennium. The primary reasons for the negative ending balance are: 1) the legislature approved funding for an FTE to be a central state contact for the developing regional water systems. This position will be funded with the reclamation and development fund; 2) the legislature approved a funding switch reducing general fund expenditures in the Conservation and Resource Development Division and replacing them with funding from the reclamation and development fund; and 3) \$200,000 that would have otherwise gone into reclamation and development has been directed to the coal bed methane account established through HB 572.

In contrast, the orphan share fund is projected to have a positive ending fund balance of \$1.2 million. Even though the orphan share fund is projected to have a positive ending fund balance, legislative changes will affect revenue going into the fund. Similar to the reclamation and development fund, orphan share will not have \$200,000 that will be re-directed into the coal bed methane account established through HB 572. SB 322 creates a natural resource workers' education fund using up to \$150,000 each fiscal year that would have gone into the orphan share fund. Finally, the orphan share fund no longer receives an 8.5 percent distribution from the metalliferous mines license tax. Instead, that money has been re-directed into a hard-rock debt service fund established in SB 484. Through these changes, it is estimated that the orphan share fund will receive \$1.1 million less in revenue in the 2003 biennium.

### **Other Legislation**

House Bill 3 - HB 3 appropriates \$27.2 million general fund for actual and anticipated wildfire suppression costs in fiscal 2001. Of this total, the State of Montana expects to receive a \$22.7 million reimbursement from the Federal Emergency Management Agency (FEMA) and from the U.S. Forest Service for fire suppression assistance in other states. When they are received, reimbursements are deposited into the general fund. See the following discussion on HB 17 and the "Supplemental Appropriation Description" section for additional fire supplemental appropriation information.

House Bill 4 - HB 4 appropriates money that would usually be appropriated by the budget amendment process for fiscal 2001. This bill appropriates \$2.2 million for fiscal 2001 to the department for various projects including watershed management, volunteer fire assistance, and river studies.

House Bill 5 - HB 5 appropriates money for capital and major maintenance projects for the 2001 biennium. The department was appropriated \$94,000 of long-range building funds to expand the unit office in Libby and \$125,000 for construction of the Lincoln unit office and the Clearwater Egress.

House Bill 6 - HB 6 appropriates \$4.8 million of RIT interest to the department for renewable resource grants. Of the total, \$125,000 is to be used by the department for emergency projects and \$100,000 is to be used for private grants. The remainder is available to state agencies, political subdivisions, and local government entities. See the Long Range Planning section in Volume 4 for a list of specific projects funded in HB 6.

House Bill 7 - The legislature appropriated \$4.1 million of RIT interest to the Department of Natural Resources and Conservation for reclamation and development projects. Included in the appropriation is \$272,500 to the department for reclamation of environmental hazard sites on state land. For a further discussion, see Volume 4 for a list of specific projects funded in HB 7.

House Bill 8 - HB 8 provides the authority for the loan portion of the renewable resource grant and loan program. The issuance of \$18,956,102 in coal severance tax bonds was approved by the legislature and the proceeds appropriated to the department for: 1) loans for new projects - \$15,927,294; 2) projects in HB 6 if grant funds are insufficient - \$1,305,526; and 3) establishment of a reserve for the bonds - \$1,723,282. See the Long Range Planning section in Volume 4 for a list of specific projects funded in HB 8.

House Bill 17 - HB 17 appropriates \$6.1 million general fund for wildfire suppression costs. Of this amount, \$4.1 million was spent on wildfire expenditures in fiscal 2000 and \$2.0 million was used to replace funding in the Water Resources Division utilized to pay for suppression costs in fiscal 2001.

Senate Bill 31 - SB 31 revises the laws governing state trust land to allow the use of historic right-of-way easements for existing utilities and extending the deadline for filing an application for a historic right-of-way deed. The department anticipates processing 100 historic right-of-way applications requiring four hours of staff review for each application. Fiscal impact to the department is \$5,000 in fiscal 2002 and \$5,000 in fiscal year 2003 from state special revenue funds. An appropriation was approved in HB2 for these amounts.

House Bill 397 - HB 397 establishes the Clark Fork River Task Force that will develop a water management plan for the Clark Fork River Basin. The task force will be made up of approximately fifteen members that would consist of private individuals, employees of corporations, and members of local and tribal governments. These members would meet throughout the basin to develop water use plans. The legislature appropriated \$120,000 in fiscal 2003 to implement this bill with funding coming from RIT trust money after the balance is in excess of \$100 million. It is worth noting that task force funding has a third level of priority from any excess money in the RIT trust. Based upon trust balance projections, it is unlikely that the full amount of the appropriation will be available to transfer for task force purposes.

Senate Bill 354 - SB 354 will increase the annual sustained timber yield (77-5-223, MCA) by approximately 2 to 6 million board feet annually beginning in fiscal year 2003. The legislature approved 1.00 FTE, which will be utilized to prepare and sell the additional volume generated by this legislation.

Senate Bill 474 - SB 474 revises laws relating to electrical energy and creates the Montana Power Authority. Among its duties, the authority can purchase electrical energy, generation facilities, or enter into joint ventures related to energy production. Although the authority is administratively attached to the department, the department expects an insignificant amount of cost to be incurred. Consequently, no appropriation was made to the department to implement this bill.

Senate Bill 495 - SB 495 revises school funding through the use of the public school fund. The bill also provides loan proceeds (no more than \$75.0 million) from the coal severance tax permanent fund to the Department of Natural Resources and Conservation for the purchase of mineral production rights for the next thirty years. The mineral royalties from school trust lands will be deposited into a guarantee account intended to stabilize the long-term growth of the permanent fund and to maintain an increasing and distributable revenue stream.

House Bill 572 - HB 572 clarifies the distribution of oil and natural gas production taxes by creating a coal bed methane protection account and deposits \$400,000 of the oil and natural gas production taxes into the new account at the beginning of each fiscal year. In addition, the bill creates a coal bed methane protection program to compensate landowners and water right holders for damage caused by the development of coal bed methane. As a result of this bill, the RIT portion of oil and gas taxes are no longer distributed under 15-38-106, MCA. Instead, the three pieces of oil and gas tax (15-36-324, sections 9, 10, and 11) are used for the coal bed methane protection account, reclamation and development (50 percent of remainder), and the orphan share account (50 percent of the remainder).

House Bill 626 - HB 626 ratifies a water compact entered into by and among the State of Montana, the Fort Belknap Indian Community of the Fort Belknap Reservation, and the United States of America for the purpose of settling all existing water rights claims of the Gros Ventre and Assiniboine Tribes which compose the Fort Belknap Indian Community of the Fort Belknap Reservation. Section 9 of the bill appropriates \$50,000 from the general fund for the economic development plan.



Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	500.28	505.62	495.35	(10.27)	505.62	496.35	(9.27)	
Personal Services	18,454,168	19,960,784	19,814,363	(146,421)	20,085,172	19,971,857	(113,315)	(259,736)
Operating Expenses	8,161,506	14,846,796	15,321,507	474,711	10,758,912	10,831,923	73,011	547,722
Equipment	754,526	826,658	75,826,658	75,000,000	821,658	821,658	0	75,000,000
Capital Outlay	847	847	847	0	847	847	0	0
Local Assistance	221,000	221,000	255,000	34,000	221,000	221,000	0	34,000
Grants	889,760	2,374,760	1,220,760	(1,154,000)	1,164,760	1,164,760	0	(1,154,000)
Benefits & Claims	1,600,977	500,000	500,000	0	500,000	500,000	0	0
Transfers	355,419	389,169	389,169	0	389,169	389,169	0	0
Debt Service	389,765	584,167	584,167	0	584,367	622,367	38,000	38,000
Total Costs	\$30,827,968	\$39,704,181	\$113,912,471	\$74,208,290	\$34,525,885	\$34,523,581	(\$2,304)	\$74,205,986
General Fund	16,529,294	17,536,494	91,598,702	74,062,208	17,141,897	16,480,318	(661,579)	73,400,629
State/Other Special	12,791,352	18,900,765	19,496,847	596,082	15,332,370	15,991,645	659,275	1,255,357
Federal Special	1,507,322	3,266,922	2,816,922	(450,000)	2,051,618	2,051,618	0	(450,000)
Total Funds	\$30,827,968	\$39,704,181	\$113,912,471	\$74,208,290	\$34,525,885	\$34,523,581	(\$2,304)	\$74,205,986

### Executive Budget Comparison

Of the \$74.2 million increase over the executive budget (\$73.4 million general fund), \$75.0 million was appropriated to implement SB 495. Without this factor, the legislature approved decreases of \$0.8 million over the biennium from the executive request. In total for the biennium, the legislature approved decreases in the general fund budget of \$1.6 million. The primary reason for the decrease is that payments on a settlement with the Crow Tribe have been decreased from \$1.5 million equal annual installments to a level of \$0.5 million each fiscal year. In addition, the legislature approved general fund reductions through elimination of the Agricultural Heritage program, which is a reduction of \$0.4 million over the executive budget. New funding for Reclamation and Development Councils added an additional \$65,000 over the biennium.

In an effort to reduce general fund expenditures, through a series of funding switches and decision packages, the legislature increased state special revenue by \$1.3 million. In addition, the legislature appropriated \$0.1 million of coal tax proceeds above the executive proposal (8.36% allocation) to the conservation districts. Further, the legislature approved a general fund reduction for travel that reduced funding by \$66,936 over the biennium.

The overall decrease in federal funds is the result of removing \$1.0 million from the executive budget by eliminating the Agricultural Heritage program. The legislature also added two new programs to the Forestry Division of the department. Federal funding will be utilized to conduct defensible space audits in an effort to reduce wildland fire risk. This program will cost \$0.2 million. The department will also utilize federal funding to assist landowners with private forests with forest rehabilitation, education, and planning efforts at a cost of \$0.35 million.

### Language

All remaining proceeds in excess of \$100 million in the Resource Indemnity Trust (RIT), up to \$100,000, must be appropriated in fiscal year 2003 to the department based upon a split of two-thirds for conservation district grant projects and one-third for irrigation grants. The appropriation is contingent upon the governor's certification that the trust balance is in excess of \$100 million. Upon meeting the contingency in fiscal year 2003, the Office of Budget and Program Planning is authorized to transfer up to \$100,000 in cash from the RIT to a state special revenue fund to be used for these purposes. Further, the cash for these purposes cannot be transferred until \$500,000 has been transferred for the purpose of weed eradication, \$540,000 has been transferred for the purpose of purchasing securities for water treatment at the former Zortman and Landusky mines, and \$120,000 has been transferred to conduct the Clark Fork study.

Item [Centralized Services; Statewide Travel Reduction] includes a reduction of general fund of \$33,468 in fiscal year 2002 and \$33,468 in fiscal year 2003. This reduction is the equivalent of a 10 percent reduction in fiscal 2000 base



budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Centralized Services] includes a reduction of \$107,169 general fund in fiscal 2002 and \$107,543 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

State special revenue appropriations in item [Forestry and Trust Lands] may be used for firefighting costs. It is the intent of the legislature to replace any state special revenue expenditures with a general fund supplemental appropriation in the next legislative session.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	41.00	0.00	0.00	41.00	0.00	0.00	41.00	41.00
Personal Services	1,696,668	47,516	(107,169)	1,637,015	59,767	(107,543)	1,648,892	3,285,907
Operating Expenses	449,579	50,336	41,437	541,352	(22,278)	15,687	442,988	984,340
Debt Service	0	0	0	0	0	38,000	38,000	38,000
<b>Total Costs</b>	<b>\$2,146,247</b>	<b>\$97,852</b>	<b>(\$65,732)</b>	<b>\$2,178,367</b>	<b>\$37,489</b>	<b>(\$53,856)</b>	<b>\$2,129,880</b>	<b>\$4,308,247</b>
General Fund	1,865,298	100,401	(343,149)	1,622,550	40,038	(313,715)	1,591,621	3,214,171
State/Other Special	172,437	963	251,667	425,067	963	259,859	433,259	858,326
Federal Special	108,512	(3,512)	25,750	130,750	(3,512)	0	105,000	235,750
<b>Total Funds</b>	<b>\$2,146,247</b>	<b>\$97,852</b>	<b>(\$65,732)</b>	<b>\$2,178,367</b>	<b>\$37,489</b>	<b>(\$53,856)</b>	<b>\$2,129,880</b>	<b>\$4,308,247</b>

### Program Description

The Centralized Services Division provides managerial and administrative support services to the department through: 1) the Director's Office, which includes the director, legal staff, and public information; and 2) support services, which manages all financial activities, coordinates information systems, produces publications and graphic materials, and performs general administrative support services. Support services include fiscal affairs, data processing, personnel, legal, reception, and mail. Responsibilities include trust revenue collection and distribution and maintenance of ownership records for trust and non-trust state-owned land.

### Funding

The Centralized Services program is funded primarily with general fund, resource development funds, coal severance taxes, and federal indirect grant reimbursements. Table 3 provides details of the program's funding.

Table 3 Natural Resources and Conversation Centralized Services Division						
	Actual FY 2000	% of Total	Legislative Budget FY 2002	% of Total	Legislative Budget FY 2003	% of Total
General Fund	\$1,865,298		\$1,622,550		\$1,591,621	
Subtotal -- General Fund	\$1,865,298	86.91%	\$1,622,550	74.48%	\$1,591,621	74.73%
Rangeland Improvement Loans	\$19,374		\$19,300		\$19,300	
Forest Resources Nursery	-		-		8,192	
State Fire Protection Taxes			42,772		42,772	
Broadwater O & M			8,600		8,600	
Forest Resources -- Timber Sales			71,940		71,940	
Coal Sev. Tax Shared SSR	5,345		5,300		5,300	
Water Right Appropriation	25,874		26,000		26,000	
Oil & Gas ERA	62,235		62,500		62,500	
Forest Resources -- Forest Improvement			28,779		28,779	
State Lands Res Dev	54,264		80,000		80,000	
Water Well Contractors	5,345		5,300		5,300	
Trust Fund Revenues	0.0		74,576		74,576	
Subtotal -- State Special Revenue	\$172,437	8.03%	\$425,067	19.51%	\$433,259	20.34%
CSD Federal Indirect	\$108,512		\$130,750		\$105,000	
Oil and Gas Federal						
Subtotal -- Federal	\$108,512	5.06%	\$130,750	6.00%	\$105,000	4.93%
<b>Total Funding</b>	<b>\$2,146,247</b>	<b>100.00%</b>	<b>\$2,178,367</b>	<b>100.00%</b>	<b>\$2,129,880</b>	<b>100.00%</b>

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				120,190					132,951	
Vacancy Savings				(50,151)					(50,534)	
Inflation/Deflation				(4,240)					(3,418)	
Fixed Costs				37,838					(43,080)	
<b>Total Statewide Present Law Adjustments</b>				<b>\$103,637</b>					<b>\$35,919</b>	
DP 5 - CSD Operating Adjustment										
0.00	17,334	0	0	17,334	0.00	24,812	0	0	24,812	
DP 696 - Data Network Fixed Cost Reduction										
0.00	(400)	0	0	(400)	0.00	(400)	0	0	(400)	
DP 698 - Rent Reduction - Use of Capitol Land Grant										
0.00	(196)	0	0	(196)	0.00	(192)	0	0	(192)	
DP 699 - Vacancy Savings at 4 Percent										
0.00	(22,523)	0	0	(22,523)	0.00	(22,650)	0	0	(22,650)	
<b>Total Other Present Law Adjustments</b>										
0.00	(\$5,785)	\$0	\$0	(\$5,785)	0.00	\$1,570	\$0	\$0	\$1,570	
<b>Grand Total All Present Law Adjustments</b>				<b>\$97,852</b>					<b>\$37,489</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 5 - CSD Operating Adjustment - The legislature approved a general fund appropriation for miscellaneous base adjustments including: 1) rent; 2) janitorial increases; and 3) communications and travel for a trainer position that had been left vacant for 11 months to assist with vacancy savings.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 3 - Missoula Office Re-Wiring										
21	0.00	0	0	25,750	25,750	0.00	0	0	0	0
DP 10 - General Fund Reduction Proposal										
21	0.00	(251,667)	251,667	0	0	0.00	(259,859)	259,859	0	0
DP 12 - NRIS Core Service Support										
21	0.00	49,155	0	0	49,155	0.00	49,155	0	0	49,155
DP 13 - Debt Service to Reimburse MT Science Institute										
21	0.00	0	0	0	0	0.00	38,000	0	0	38,000
DP 689 - FTE Reduction										
21	0.00	0	0	0	0	0.00	0	0	0	0
DP 690 - Personal Services General Fund Reduction										
21	0.00	(107,169)	0	0	(107,169)	0.00	(107,543)	0	0	(107,543)
DP 693 - Statewide Reduction in Travel										
21	0.00	(33,468)	0	0	(33,468)	0.00	(33,468)	0	0	(33,468)
<b>Total</b>	<b>0.00</b>	<b>(\$343,149)</b>	<b>\$251,667</b>	<b>\$25,750</b>	<b>(\$65,732)</b>	<b>0.00</b>	<b>(\$313,715)</b>	<b>\$259,859</b>	<b>\$0</b>	<b>(\$53,856)</b>

### New Proposals

DP 3 - Missoula Office Re-Wiring - The legislature approved one-time, restricted authority to replace old wiring in the DNRC Missoula Forestry Complex to meet the current standard. The new wiring would provide the capacity for throughput up to 1 gigabit (billion bits) per second with a guaranteed lifetime of 20 years.

DP 10 - General Fund Reduction Proposal - The legislature approved a funding switch for the department. This package replaces general fund authority with state special revenue.

DP 12 - NRIS Core Service Support - The legislature approved authority for core services of the Natural Resource Information System (NRIS), which is Montana's clearinghouse for natural resource information. DNRC has not provided funding for NRIS core services. This funding will provide approximately 15.3 percent of funding for core operations based on historic use of services. DNRC uses NRIS for the natural heritage program for information on sensitive plant and animal lists for Montana, ecological communities, and GIS mapping of lands for easement purposes.

DP 13 - Debt Service to Reimburse MT Science Institute - The legislature approved a restricted appropriation from the general fund in fiscal 2003 to fund the debt service on a reimbursement of \$300,000 to the Montana Science Institute for improvements made by that organization to infrastructure of state buildings.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 690 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

DP 693 - Statewide Reduction in Travel - The legislature made a reduction in general fund each year equivalent to 10 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

### Language

Item [NRIS Core Service Support] includes a total of \$98,310 for the 2003 biennium for the Montana Natural Resources Information System. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.

Item [Centralized Services; Statewide Travel Reduction] includes a reduction of general fund of \$33,468 in fiscal year 2002 and \$33,468 in fiscal year 2003. This reduction is the equivalent of a 10 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Centralized Services] includes a reduction of \$107,169 general fund in fiscal 2002 and \$107,543 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	20.50	0.00	(3.00)	17.50	0.00	(3.00)	17.50	17.50
Personal Services	662,507	138,389	0	800,896	149,342	0	811,849	1,612,745
Operating Expenses	297,451	90,226	0	387,677	95,782	0	393,233	780,910
Equipment	27,678	0	0	27,678	0	0	27,678	55,356
<b>Total Costs</b>	<b>\$987,636</b>	<b>\$228,615</b>	<b>\$0</b>	<b>\$1,216,251</b>	<b>\$245,124</b>	<b>\$0</b>	<b>\$1,232,760</b>	<b>\$2,449,011</b>
State/Other Special	868,921	347,330	0	1,216,251	363,839	0	1,232,760	2,449,011
Federal Special	118,715	(118,715)	0	0	(118,715)	0	0	0
<b>Total Funds</b>	<b>\$987,636</b>	<b>\$228,615</b>	<b>\$0</b>	<b>\$1,216,251</b>	<b>\$245,124</b>	<b>\$0</b>	<b>\$1,232,760</b>	<b>\$2,449,011</b>

### Program Description

The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division: 1) issues drilling permits; 2) classifies wells; 3) establishes well spacing units and pooling orders; 4) inspects drilling, production, and seismic operations; 5) investigates complaints; 6) does engineering studies; 7) determines incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects; 8) operates the underground injection control program; 9) plugs orphan wells; and 10) collects and maintains complete well data and production information.

### Funding

The state special revenue that funds this program comes from oil and gas well taxes and class II injection well annual operating fees. By statute (15-36-324, MCA), certain percentages of the oil production taxes and natural gas taxes are deposited to the account for the board's use. Under 82-11-131, MCA, the board can set the privilege and license tax up to 3/10 of 1 percent of the market value of each barrel of crude petroleum produced and of each 10,000 cubic feet of natural gas produced to comply with 15-36-324, MCA. Section 82-11-137, MCA, provides for a maximum \$300 annual operating fee for each class II injection well. The Board of Oil and Gas Conservation set the fee at \$200. State special revenue funds provided nearly 88.0 percent of the funding in fiscal 2000, while federal special revenue was used to fund 12.0 percent. Federal funding will not be utilized in the 2003 biennium. Table 4 provides funding details for this program.

Table 4  
Natural Resources and Conversation  
Oil and Gas Conservation

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
Oil & Gas ERA	\$868,921		\$1,216,251		\$1,232,760	
Subtotal -- State Special Revenue	\$868,921	87.98%	\$1,216,251	100.00%	\$1,232,760	100.00%
Oil and Gas Federal	\$118,715		\$0		\$0	
Subtotal -- Federal	\$118,715	12.02%	\$0	0.00%	\$0	0.00%
Total Funding	\$987,636	100.00%	\$1,216,251	100.00%	\$1,232,760	100.00%



Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				157,519					163,845
Vacancy Savings				(22,370)					(22,561)
Inflation/Deflation				(2,472)					(2,203)
Fixed Costs				8,615					8,437
<b>Total Statewide Present Law Adjustments</b>				<b>\$141,292</b>					<b>\$147,518</b>
DP 6 - Operating Adjustments									
0.00	0	84,243	0	84,243	0.00	0	89,708	0	89,708
DP 10 - Personal Services Adjustment									
0.00	0	13,671	0	13,671	0.00	0	18,552	0	18,552
DP 696 - Data Network Fixed Cost Reduction									
0.00	0	(160)	0	(160)	0.00	0	(160)	0	(160)
DP 699 - Vacancy Savings at 4 Percent									
0.00	0	(10,431)	0	(10,431)	0.00	0	(10,494)	0	(10,494)
<b>Total Other Present Law Adjustments</b>									
0.00	\$0	\$87,323	\$0	\$87,323	0.00	\$0	\$97,606	\$0	\$97,606
<b>Grand Total All Present Law Adjustments</b>				<b>\$228,615</b>					<b>\$245,124</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 6 - Operating Adjustments - The legislature approved a one-time appropriation for operating expense increases not included in the base budget. Major adjustments include contracted services related to the Risk Based Data Management System, EIS updates, mowing, and maintenance; supplies, communications, travel, and vehicle maintenance; and mailing, printing, and travel costs associated with a coal bed methane-related programmatic EIS update.

DP 10 - Personal Services Adjustment - The legislature approved an appropriation for personal services increases that will be incurred in the 2003 biennium but are not reflected in the base budget because they are not part of the pay plan. Per diem, salaries, and benefits are reflected in the increase for the Board's three exempt positions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals											
-----Fiscal 2002-----						-----Fiscal 2003-----					
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 689 - FTE Reduction											
22	(3.00)	0	0	0	0	(3.00)	0	0	0	0	0
<b>Total</b>	<b>(3.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(3.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### New Proposals

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

### Language

The department is authorized to decrease state special revenue in the Underground Injection Control program and to increase federal special revenue by a like amount when the amount of federal EPA funds available for the program becomes known. Any federal special revenue funds are to be spent before state special revenue funds.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	22.00	0.00	1.00	23.00	0.00	1.00	23.00	23.00
Personal Services	873,768	115,379	36,106	1,025,253	120,810	36,259	1,030,837	2,056,090
Operating Expenses	614,349	245,007	346,918	1,206,274	150,300	380,565	1,145,214	2,351,488
Equipment	48,348	0	0	48,348	0	0	48,348	96,696
Local Assistance	221,000	0	34,000	255,000	0	0	221,000	476,000
Grants	889,760	0	211,000	1,100,760	0	155,000	1,044,760	2,145,520
Benefits & Claims	1,600,977	(1,100,977)	0	500,000	(1,100,977)	0	500,000	1,000,000
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$4,248,202</b>	<b>(\$740,591)</b>	<b>\$628,024</b>	<b>\$4,135,635</b>	<b>(\$829,867)</b>	<b>\$571,824</b>	<b>\$3,990,159</b>	<b>\$8,125,794</b>
General Fund	2,871,886	(969,462)	245,424	2,147,848	(1,094,647)	289,523	2,066,762	4,214,610
State/Other Special	1,226,064	217,472	382,600	1,826,136	253,381	282,301	1,761,746	3,587,882
Federal Special	150,252	11,399	0	161,651	11,399	0	161,651	323,302
<b>Total Funds</b>	<b>\$4,248,202</b>	<b>(\$740,591)</b>	<b>\$628,024</b>	<b>\$4,135,635</b>	<b>(\$829,867)</b>	<b>\$571,824</b>	<b>\$3,990,159</b>	<b>\$8,125,794</b>

### Program Description

The Conservation and Resource Development Division is responsible for the administration of the Conservation District Act, State Grazing District Act, and numerous grant and loan programs. The division provides technical and financial assistance to local governments, state agencies, and private citizens for the conservation, development, protection, and management of natural resources throughout the state.

### Funding

The division is funded with general fund, state special revenue, and federal revenue. Table 5 shows the funding sources of the division. This program is primarily funded with general fund, coal severance taxes, RIT accounts, miscellaneous state special revenue fund, federal drinking water and water pollution control funds, and other miscellaneous federal sources.



Table 5  
Natural Resources and Conservation  
Conservation and Resources Development

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	\$2,871,886		\$2,147,848		\$2,066,762	
Subtotal -- General Fund	\$2,871,886	67.60%	\$2,147,848	51.94%	\$2,066,762	51.80%
Rangeland Improvement Loans	\$24,647		\$45,000		\$45,000	
Treasure State Endowment	\$24,969		\$26,000		\$26,000	
Renewable Resources Grant/Loan	\$290,956		\$314,808		\$367,839	
Go94B/Ban 93D Adm (1994 Gen. Obligation Bonds	\$10,503		\$12,003		\$12,003	
Coal Sev. Tax Shared SSR	\$627,135		\$752,135		\$652,135	
Grazing District Fees	\$19,246		\$70,754		\$0	
Reclamation and Development	\$228,608		\$605,436		\$658,769	
Subtotal -- State Special Revenue	\$1,226,064	28.86%	\$1,826,136	44.16%	\$1,761,746	44.15%
Res Devel & Cons - Fed	\$34,751		\$35,650		\$35,650	
Wastewater Treatment Grant	\$52,500		\$57,750		\$57,750	
EPA- St. Revolving Fund-Drinking Water 1998 Grant	\$63,001		\$68,251		\$68,251	
Subtotal -- Federal	\$150,252	3.54%	\$161,651	3.91%	\$161,651	4.05%
Total Funding	\$4,248,202	100.00%	\$4,135,635	100.00%	\$3,990,159	100.00%

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				153,691					159,348	
Vacancy Savings				(28,381)					(28,551)	
Inflation/Deflation				2,988					4,997	
Fixed Costs				3,801					3,593	
Total Statewide Present Law Adjustments				\$132,099					\$139,387	
DP 1 - Crow Settlement	0.00	(100,977)	0	0	(100,977)	0.00	(100,977)	0	0	(100,977)
DP 3 - Crow Tribe Settlement	0.00	(1,000,000)	0	0	(1,000,000)	0.00	(1,000,000)	0	0	(1,000,000)
DP 15 - Operating Resource Development Bureau	0.00	20,000	43,500	10,500	74,000	0.00	20,000	43,500	10,500	74,000
DP 20 - Rangeland Management Conservation	0.00	15,000	0	0	15,000	0.00	15,000	0	0	15,000
DP 23 - Operating Conservation Dist. Bureau	0.00	56,000	0	0	56,000	0.00	56,000	0	0	56,000
DP 37 - Grass Conservation Commission	0.00	45,000	51,508	0	96,508	0.00	0	0	0	0
DP 696 - Data Network Fixed Cost Reduction	0.00	(290)	0	0	(290)	0.00	(290)	0	0	(290)
DP 699 - Vacancy Savings at 4 Percent	0.00	(9,859)	(3,072)	0	(12,931)	0.00	(9,901)	(3,086)	0	(12,987)
Total Other Present Law Adjustments										
	0.00	(\$975,126)	\$91,936	\$10,500	(\$872,690)	0.00	(\$1,020,168)	\$40,414	\$10,500	(\$969,254)
Grand Total All Present Law Adjustments				(\$740,591)					(\$829,867)	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Crow Settlement - The legislature approved a reduction in authority to reflect interest costs on the Crow settlement. The June 1999 Special Session of the Montana legislature approved the water rights and coal severance tax litigation settlement with the Crow Tribe. The state also authorized a "contribution to settlement" of \$15 million. "The State agrees to contribute the sum of \$15 million, in equal annual installments for a period of no more than 15 years beginning July 1, 1999, to a fund for the use and benefit of the Tribe." Pending final effectiveness of the compact, these funds are paid into escrow. Accordingly, the Department of Natural Resources and Conservation would have base expenditures of \$1.5 million in fiscal years 2002 and 2003. However, the department would have no interest costs in the amount of \$100,977 from the general fund to continue to meet the State of Montana's obligations under this settlement.

DP 3 - Crow Tribe Settlement - The legislature approved a \$1.0 million reduction to general fund to reduce the Crow Tribe base from \$1.5 million to \$500,000 in fiscal years 2002 and 2003. This reduction will put the state on track to pay the settlement over a 15-year period rather than on an accelerated 10-year period.

DP 15 - Operating Resource Development Bureau - The legislature approved authority to increase operating expenses for the Resource Development Bureau to include anticipated costs not in the base budget. These items include the following:

1. the Irrigation Development program was in a startup phase during fiscal 2000. As a result, the base year reflects only six months of operating expenses. Consequently, communications, travel, and rent will be adjusted to reflect annualized figures;
2. rent costs in non-state buildings in Helena, Billings, and Miles City are expected to increase 5 percent per year in the next biennium; and
3. additional funds were added for overtime costs for the bureau due to expected workloads in the renewable resource grant and state revolving fund, and reclamation and development grant programs;

DP 20 - Rangeland Management Conservation - The legislature approved authority to contract with the Natural Resource Conservation Service (NRCS) for statewide rangeland management support. The Conservation And Resource Development Division (CARDD) has entered into a contract with the NRCS to cost share the services of a federal employee to be assigned to CARDD as a Rangeland Coordinator. The federal agency is requiring an increased cost share from the state from \$15,000 in the current base to \$30,000 in fiscal 2002. This increase will fund one-third of the total cost of the contract. Federal support makes up the other two-thirds

DP 23 - Operating Conservation Dist. Bureau - The legislature approved authority to fund operating expenses not included in the base budget. Items include:

1. the small landowner program workshops, which include up to nine sessions per workshop series, are expected to increase from 5 per year in the 2001 biennium to 10 per year in the 2003 biennium. Consequently, travel, supplies, and contracted services expenses are anticipated to increase; and
2. overtime is expected because the number of administrative and watershed grant program projects have increased to 223. Because of additional funding, the grant administration workload is expected to increase by an additional 20 to 25 projects per year.

DP 37 - Grass Conservation Commission - The legislature approved a biennial appropriation to fund travel and per diem for the Grass Conservation Commission, staffing, and administrative support functions. The Montana Grass Conservation Commission is administratively attached to DNRC and is composed of five members appointed by the Governor. The Grass Commission did not get a commissioner and staff in place until nine months into fiscal 2000. Therefore, base expenditures did not reflect a full year of operations.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	Fiscal 2002					Fiscal 2003				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 4 - Irrigation Assistance Program										
23	0.00	140,000	0	0	140,000	0.00	150,000	0	0	150,000
DP 5 - Yellowstone River Conservation District Council										
23	0.00	53,438	17,812	0	71,250	0.00	52,538	17,512	0	70,050
DP 6 - Regional Water System Coordinator										
23	1.00	0	52,054	0	52,054	1.00	0	52,054	0	52,054
DP 10 - Dry Prairie Rural Water Project										
23	0.00	0	99,720	0	99,720	0.00	0	99,720	0	99,720
DP 11 - North Central MT Regional Water Authority										
23	0.00	125,000	0	0	125,000	0.00	125,000	0	0	125,000
DP 13 - Eastern Plains RC&D										
23	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 25 - Gallatin, Park, and Meagher Counties RC&D										
23	0.00	15,000	0	0	15,000	0.00	15,000	0	0	15,000
DP 26 - Sheridan County Conservation District										
23	0.00	0	0	0	0	0.00	35,000	0	0	35,000
DP 27 - Coal Tax Allocation to Conservation Districts										
23	0.00	0	100,000	0	100,000	0.00	0	0	0	0
DP 28 - Funding Switch										
23	0.00	0	0	0	0	0.00	0	0	0	0
DP 29 - General fund switch to reclamation and develop.										
23	0.00	(88,014)	88,014	0	0	0.00	(88,015)	88,015	0	0
<b>Total</b>	<b>1.00</b>	<b>\$245,424</b>	<b>\$382,600</b>	<b>\$0</b>	<b>\$628,024</b>	<b>1.00</b>	<b>\$289,523</b>	<b>\$282,301</b>	<b>\$0</b>	<b>\$571,824</b>

### New Proposals

DP 4 - Irrigation Assistance Program - The legislature approved a one-time appropriation for grant funds to help defray the cost of planning efforts for new irrigation developments. This authority will provide funds for preliminary engineering, environmental review, local coordination, creation of irrigation districts, and other planning costs. The goal is to increase the number of acres irrigated to contribute to the goal of increasing the value of Montana agriculture.

DP 5 - Yellowstone River Conservation District Council - The legislature approved an appropriation to coordinate studies about natural resources issues in the Yellowstone River Watershed.

DP 6 - Regional Water System Coordinator - The legislature approved a one-time-only appropriation of \$52,054 in each year of the biennium that would be used to hire one FTE and pay operating expenses for a regional water coordinator. This staff member would coordinate state agency activities with the two regional water systems. The purpose of this effort is to assist in obtaining and administering state funding and to provide a point of contact between the local regional systems and the state agencies. Funding is appropriated from the reclamation and development fund.

DP 10 - Dry Prairie Rural Water Project - The legislature approved a one-time appropriation to negotiate agreements and to work on engineering and environmental planning for the Fort Peck Dry Prairie Rural Water System project. Contracted service funds will be passed through to the Dry Prairie Regional Water Authority for costs to administer this regional water system project. In the 2003 biennium, goals will include passage of federal legislation authorizing the project, seeking initial federal appropriations to begin final design of the project, and beginning the construction of the project.

DP 11 - North Central MT Regional Water Authority - The legislature approved a one-time appropriation to negotiate agreements and to work on engineering and environmental planning for the Rocky Boys North Central Regional Rural Water System project. This regional rural water project will provide drinking water to the Rocky Boys Reservation and approximately 20 communities in North Central Montana.



Contracted service funds will be passed through to the North Central Regional Water Authority for salaries, travel, communications, supplies, and other costs necessary to administer this regional water system project. The authority received funding in the 2001 biennium for these purposes. Accomplishments include the formation of the Water Authority, final draft of federal authorization legislation, and initiation of the formal negotiation of a water service agreement between the United States, Rocky Boys Reservation, and the Water Authority.

DP 13 - Eastern Plains RC&D - The legislature approved a one-time appropriation to fund the Eastern Plains Resource Conservation & Development (RC&D) to administer a community project startup grant program to sixteen eastern Montana counties.

DP 25 - Gallatin, Park, and Meagher Counties RC&D - The legislature approved a one-time appropriation from the general fund for funding the application phase of the development of a Resource Conservation & Development Area (RC&D) in Gallatin, Park, and Meagher Counties. The funding will be used to develop an application in anticipation of developing the RC&D. These funds would be used in conjunction with federal funding to provide travel, communications, per diem, and support costs related to meetings and planning sessions in local communities.

DP 26 - Sheridan County Conservation District - The legislature approved a one-time appropriation to fund the Sheridan County Conservation District (SCCD) to develop a water management plan, monitor and compile water resource data, map hydro-geologic features, and interpret water resource data for potential impacts by irrigation.

DP 27 - Coal Tax Allocation to Conservation Districts - The legislature approved a biennial appropriation to allocate \$100,000 of the 8.36 percent Coal Tax allocation to Conservation Districts

DP 28 - Funding Switch - The legislature approved a funding switch from the renewable resources fund to the reclamation and development account.

DP 29 - General Fund Switch to Reclamation and Development - The legislature approved a funding switch from general fund into the RIT reclamation and development account.

### **Language**

The department is appropriated up to \$600,000 for the 2003 biennium from the state special revenue account established in 85-1-604 for the purchase of prior liens on property held as loan security as provided in 85-1-618.

During the 2003 biennium, up to \$100,000 of excess loan loss reserve money in the water pollution control state revolving fund is appropriated to make grants to aid in the feasibility of projects as authorized in 75-5-1113(3)(b).

During the 2003 biennium, up to \$100,000 of excess loan loss reserve money in the drinking water state revolving fund is appropriated to make grants to aid in the feasibility of projects as authorized in 75-6-224(3)(b).

The department is authorized to decrease federal special revenue money in the pollution control and the drinking water revolving fund loan programs and to increase state special revenue money by a like amount within the special administration account.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	112.50	2.75	(2.75)	112.50	2.75	(2.75)	112.50	112.50
Personal Services	4,575,339	222,469	8,323	4,806,131	248,366	8,361	4,832,066	9,638,197
Operating Expenses	1,823,738	3,750,620	211,425	5,785,783	160,054	306,425	2,290,217	8,076,000
Equipment	24,793	(500)	0	24,293	(500)	0	24,293	48,586
Capital Outlay	0	0	0	0	0	0	0	0
Grants	0	0	120,000	120,000	0	120,000	120,000	240,000
Debt Service	376,341	93,402	0	469,743	93,602	0	469,943	939,686
<b>Total Costs</b>	<b>\$6,800,211</b>	<b>\$4,065,991</b>	<b>\$339,748</b>	<b>\$11,205,950</b>	<b>\$501,522</b>	<b>\$434,786</b>	<b>\$7,736,519</b>	<b>\$18,942,469</b>
General Fund	5,693,470	236,599	0	5,930,069	298,013	0	5,991,483	11,921,552
State/Other Special	971,226	3,723,027	170,000	4,864,253	96,114	265,000	1,332,340	6,196,593
Federal Special	135,515	106,365	169,748	411,628	107,395	169,786	412,696	824,324
<b>Total Funds</b>	<b>\$6,800,211</b>	<b>\$4,065,991</b>	<b>\$339,748</b>	<b>\$11,205,950</b>	<b>\$501,522</b>	<b>\$434,786</b>	<b>\$7,736,519</b>	<b>\$18,942,469</b>

### Program Description

The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water. The division also develops and recommends water policy to the director, Governor, and legislature. The division consists of an administration unit and four bureaus: Water Management Bureau, Water Rights Bureau, State Water Projects Bureau, and the Water Operations Bureau.

### Funding

The Water Resources Division is funded with general fund, state special revenue, and a minor amount of federal funds. Table 6 shows the components of the Water Resources Division and associated funding.

Table 6 Natural Resources and Conservation Water Resources						
	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	\$5,693,470		\$5,930,069		\$5,991,483	
Subtotal -- General Fund	\$5,693,470	83.72%	\$5,930,069	52.92%	\$5,991,483	77.44%
Miscellaneous State Special Rev.	\$214,803		\$308,205		\$428,405	
Broadwater O & M	\$253,088		\$336,332		\$308,134	
CST 90 A Fisheries Mitigation	\$0		\$32,000		\$32,000	
Water Storage State Special Rev. Acct	\$0		\$500,000			
Water Project Lands Lease Account	\$1,850		\$1,850		\$1,850	
General License	\$59,438		\$60,911		\$62,008	
Water Right Appropriation	\$223,267		\$289,147		\$264,138	
State Project Hydro Earnings	\$161,538		\$3,261,538		\$161,538	
Water Well Contractors	\$57,242		\$74,270		\$74,267	
Subtotal -- State Special Revenue	\$971,226	14.28%	\$4,864,253	43.41%	\$1,332,340	17.22%
Water Resources -- FED	\$22,996		\$23,000		\$23,000	
State Assistance Program	\$112,519		\$363,628		\$364,696	
BOR Beaverhead Groundwater	\$0		\$25,000		\$25,000	
Subtotal -- Federal	\$135,515	1.99%	\$411,628	3.67%	\$412,696	5.33%
<b>Total Funding</b>	<b>\$6,800,211</b>	<b>100.00%</b>	<b>\$11,205,950</b>	<b>100.00%</b>	<b>\$7,736,519</b>	<b>100.00%</b>

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					332,126					358,760
Vacancy Savings					(135,011)					(135,810)
Inflation/Deflation					(8,071)					(6,689)
Fixed Costs					55,311					72,135
<b>Total Statewide Present Law Adjustments</b>					<b>\$244,355</b>					<b>\$288,396</b>
DP 2 - State Water Project Rehabilitation	0.00	0	3,600,000	0	3,600,000	0.00	0	0	0	0
DP 22 - Dam Safety Improvement	2.75	0	0	81,845	81,845	2.75	0	0	82,177	82,177
DP 28 - Operating Expense Adjustments	0.00	20,148	41,865	0	62,013	0.00	22,911	43,165	0	66,076
DP 30 - Lease Vehicles - Program 24	0.00	33,275	4,842	0	38,117	0.00	49,174	6,308	0	55,482
DP 32 - Broadwater Hydropower Facility	0.00	0	62,000	0	62,000	0.00	0	32,000	0	32,000
DP 59 - Federal Budget Amendment	0.00	0	0	25,000	25,000	0.00	0	0	25,000	25,000
DP 100 - Water Well Litigation	0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
DP 696 - Data Network Fixed Cost Reduction	0.00	(1,180)	0	0	(1,180)	0.00	(1,180)	0	0	(1,180)
DP 699 - Vacancy Savings at 4 Percent	0.00	(56,076)	(5,599)	(484)	(62,159)	0.00	(56,319)	(5,624)	(486)	(62,429)
<b>Total Other Present Law Adjustments</b>	<b>2.75</b>	<b>(\$3,833)</b>	<b>\$3,719,108</b>	<b>\$106,361</b>	<b>\$3,821,636</b>	<b>2.75</b>	<b>\$14,586</b>	<b>\$91,849</b>	<b>\$106,691</b>	<b>\$213,126</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$4,065,991</b>					<b>\$501,522</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 2 - State Water Project Rehabilitation** - The legislature approved a biennial, restricted, one-time-only appropriation to perform rehabilitation of Bair Dam and Nevada Creek Dam. Bair Dam is a high-hazard earthen embankment located on the North Fork of the Musselshell River near Checkerboard. Rehabilitation will include replacement of the spillway and outlet structures and stabilization of the rock-cut slope above the existing spillway. Nevada Creek Dam is an earthen embankment, high-hazard dam located near Helmsville in Powell County. Rehabilitation will include replacement of the spillway structure with a new reinforced concrete structure designed to meet current dam safety standards; installation of additional drains in the dam to collect seepage and ensure it does not threaten the integrity of the dam; and extension of the end of the outlet pipe to facilitate installation of a seepage collection system and a buttress against the toe of the dam slope to improve stability.

Funding for these rehabilitation activities will come from the Broadwater hydropower earnings account (\$3.1 million) and the water storage account (\$0.5 million). In addition to the state funding, respective water user associations will provide the estimated \$1.2 million remaining funding necessary to complete the project.

The Broadwater Hydropower Facility is a DNRC owned and operated hydropower facility located near Toston. This facility will produce a maximum capacity of 10 megawatts and the department contracts with the Montana Power Company to sell the energy. Earnings are deposited to the Broadwater hydropower earnings account and used to pay for rehabilitating other state-owned water projects.



DP 22 - Dam Safety Improvement - The legislature approved a one-time, restricted appropriation to fund 2.75 FTE to assist dam owners with maintenance inspections on dams, gather field data to update the state inventory of dams, provide training for state dam safety engineers, and complete seismic evaluations on dam designs. The Federal Emergency Management Agency (FEMA) is expected to continue providing funding for this purpose.

DP 28 - Operating Expense Adjustments - The legislature approved authority for various base adjustments for operating expenses including training, board member per diem, consulting services, janitorial services, computer hardware and software, copy machines, postage, lodging, rent, and minor equipment.

DP 30 - Lease Vehicles - Program 24 - The legislature approved authority to lease ten vehicles to replace eight agency-owned vehicles in fiscal 2002 and replace an additional two vehicles in fiscal 2003 with leased vehicles from the motor pool. Lease costs include gas, liability insurance, and all vehicle maintenance.

DP 32 - Broadwater Hydropower Facility - The legislature approved one-time-only funding for two Federal Energy Regulatory Commission (FERC) projects at the Broadwater Hydropower Facility. The facility's FERC hydropower license requires preparation and submittal of a comprehensive dam safety report every five years. A FERC-approved consultant must conduct the dam safety evaluation and submit a report by July 1, 2002. The FERC license also requires a fisheries evaluation and report to be submitted to FERC regarding the impacts of the construction of the Broadwater Power Project. Funding is from the Broadwater operations and maintenance account and the fisheries mitigation account.

DP 59 - Federal Budget Amendment - The legislature approved funding for projects that fall under a Bureau of Reclamation grant award. The Bureau of Reclamation has approved a federal award for investigations on Twin Lakes Dam and measuring flows on the Big Hole River and its tributaries. The studies will assist land managers in the optimization of the basins' water resources. The federal award extends to September 30, 2003.

DP 100 - Water Well Litigation - The legislature approved a restricted appropriation that will be used to pay legal costs associated with alleged violations of water well construction standards. Funds for these allegations and potential litigation are not included in the base budget for the Water Well Contractors program.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 5 - Water Right Permit Verification										
24	0.00	0	170,000	0	170,000	0.00	0	145,000	0	145,000
DP 8 - Flood Damage Reduction										
24	0.25	0	0	169,748	169,748	0.25	0	0	169,786	169,786
DP 60 - HB 397 -- Clark Fork River Task Force										
24	0.00	0	0	0	0	0.00	0	120,000	0	120,000
DP 689 - FTE Reduction										
24	(3.00)	0	0	0	0	(3.00)	0	0	0	0
<b>Total</b>	<b>(2.75)</b>	<b>\$0</b>	<b>\$170,000</b>	<b>\$169,748</b>	<b>\$339,748</b>	<b>(2.75)</b>	<b>\$0</b>	<b>\$265,000</b>	<b>\$169,786</b>	<b>\$434,786</b>

### New Proposals

DP 5 - Water Right Permit Verification - The legislature approved a one-time appropriation in each year of the biennium for water rights verification. The verification backlog of 8,200 is expected to be eliminated within four years. Funding

will come from the water rights appropriation account.

DP 8 - Flood Damage Reduction - The legislature approved a one-time, restricted appropriation to fund a flood damage reduction program and 0.25 FTE. The program will develop maps of floodways and floodplains to illustrate flood-hazard information regarding home construction and other activities in flood-prone areas and provide flood mitigation assistance to communities.

DP 60 - HB 397 -- Clark Fork River Task Force - The legislature appropriated one-time-only funding to implement HB 397. The appropriation is contingent upon the Governor's certification that the Resource Indemnity Trust (RIT) balance is in excess of \$100 million. Upon meeting the contingency in fiscal year 2003, the Office of Budget and Program Planning is authorized to transfer up to \$120,000 in cash from the RIT to a state special revenue fund to be used for this purpose. It is the intent of the legislature that funds for this purpose will be the third priority for any money in excess of \$100 million in the RIT. The first \$500,000 is to be used for weed eradication and the next \$540,000 will be used to purchase securities for water treatment at the former Zortman and Landusky mines.

The RIT funds appropriated for this purpose will be used by the Clark Fork River Basin Task Force for: 1) contracted services to provide facilitation, meeting materials and renting sites, mailings and other communications, plan development tasks, and technical writing; 2) analysis, evaluation, and updating of existing water use data and studies; and 3) investigation and reporting on current basin water supply and water use. The funding will also cover travel and meeting costs of the task force members.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

#### **Language**

During the 2003 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater Hydropower Facility.

During the 2003 biennium, up to \$70,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project.

During the 2003 biennium, up to \$500,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects.

The department shall report back to the 2003 legislature to provide an update on the progress of the flood damage reduction project.

Item [Clark Fork River Task Force] is contingent upon passage and approval of House Bill No. 397. Item [Clark Fork River Task Force] is an appropriation from state special revenue funds in fiscal year 2003 that have been transferred from the Resource Indemnity Trust (RIT) fund. The appropriation is contingent upon the Governor's certification that the trust balance is in excess of \$100 million. Upon meeting the contingency in fiscal year 2003, the Office of Budget and Program Planning is authorized to transfer the \$120,000 in cash from the RIT to a state special revenue fund to be used for this purpose. The cash for this purpose cannot be transferred until \$500,000 has been transferred for the purpose of weed eradication and \$540,000 has been transferred for the purpose of purchasing securities for water treatment at the former Zortman and Landusky mines.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	12.00	0.00	(1.00)	11.00	0.00	(1.00)	11.00	11.00
Personal Services	499,242	66,066	0	565,308	69,630	0	568,872	1,134,180
Operating Expenses	144,970	13,983	0	158,953	12,782	0	157,752	316,705
Equipment	0	6,000	0	6,000	10,500	0	10,500	16,500
<b>Total Costs</b>	<b>\$644,212</b>	<b>\$86,049</b>	<b>\$0</b>	<b>\$730,261</b>	<b>\$92,912</b>	<b>\$0</b>	<b>\$737,124</b>	<b>\$1,467,385</b>
General Fund	644,212	86,049	0	730,261	92,912	0	737,124	1,467,385
State/Other Special	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$644,212</b>	<b>\$86,049</b>	<b>\$0</b>	<b>\$730,261</b>	<b>\$92,912</b>	<b>\$0</b>	<b>\$737,124</b>	<b>\$1,467,385</b>

### Program Description

The Reserved Water Rights Compact Commission (RWRCC) was created by the legislature in 1979 as part of the water rights adjudication effort. It consists of four members appointed by the Governor, two by the President of the Senate, two by the Speaker of the House of Representatives, and one by the Attorney General. Members serve for four years. The commission negotiates water rights with the Indian tribes and federal agencies which claim federal reserved water rights within the state to establish a formal agreement (compact) on the amount of water to be allocated to each interest.

### Funding

The Reserved Water Rights Compact Commission is funded entirely with general fund.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				85,558					89,166
Vacancy Savings				(16,270)					(16,378)
Inflation/Deflation				1,250					2,005
Fixed Costs				3,596					3,399
<b>Total Statewide Present Law Adjustments</b>				<b>\$74,134</b>					<b>\$78,192</b>
DP 7 - RWRCC Per Diem & Operating									
0.00	13,167	0	0	13,167	0.00	11,508	0	0	11,508
DP 12 - Equipment Replacement									
0.00	6,000	0	0	6,000	0.00	10,500	0	0	10,500
DP 696 - Data Network Fixed Cost Reduction									
0.00	(130)	0	0	(130)	0.00	(130)	0	0	(130)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(7,122)	0	0	(7,122)	0.00	(7,158)	0	0	(7,158)
<b>Total Other Present Law Adjustments</b>									
0.00	<b>\$11,915</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,915</b>	0.00	<b>\$14,720</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,720</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$86,049</b>					<b>\$92,912</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7 - RWRCC Per Diem & Operating - The legislature approved funding for per diem and operating costs that are not included in the base.



DP 12 - Equipment Replacement - The legislature approved a one-time-only appropriation to upgrade a Sun Unix Workstation. An upgrade to the current Unix computer system (hardware/software) will be used to increase Reserve Water Rights Compact Commission's capabilities to utilize global information system data.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction										
25	(1.00)	0	0	0	0	(1.00)	0	0	0	0
<b>Total</b>	<b>(1.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(1.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### New Proposals

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	292.28	(0.66)	(1.27)	290.35	(0.66)	(0.27)	291.35	291.35
Personal Services	10,146,644	799,826	33,290	10,979,760	865,618	67,079	11,079,341	22,059,101
Operating Expenses	4,831,419	1,552,049	858,000	7,241,468	1,466,748	104,352	6,402,519	13,643,987
Equipment	653,707	66,632	75,000,000	75,720,339	57,132	0	710,839	76,431,178
Capital Outlay	847	0	0	847	0	0	847	1,694
Transfers	355,419	33,750	0	389,169	33,750	0	389,169	778,338
Debt Service	13,424	101,000	0	114,424	101,000	0	114,424	228,848
<b>Total Costs</b>	<b>\$16,001,460</b>	<b>\$2,553,257</b>	<b>\$75,891,290</b>	<b>\$94,446,007</b>	<b>\$2,524,248</b>	<b>\$171,431</b>	<b>\$18,697,139</b>	<b>\$113,143,146</b>
General Fund	5,454,428	665,256	75,048,290	81,167,974	595,469	43,431	6,093,328	87,261,302
State/Other Special	9,552,704	1,597,436	15,000	11,165,140	1,628,836	50,000	11,231,540	22,396,680
Federal Special	994,328	290,565	828,000	2,112,893	299,943	78,000	1,372,271	3,485,164
<b>Total Funds</b>	<b>\$16,001,460</b>	<b>\$2,553,257</b>	<b>\$75,891,290</b>	<b>\$94,446,007</b>	<b>\$2,524,248</b>	<b>\$171,431</b>	<b>\$18,697,139</b>	<b>\$113,143,146</b>

## Program Description

### Forestry Division

The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting Montana's natural resources from wildfire, regulating forest practices, and providing a variety of services to private forest landowners. Specific programs include:

1. Fire and Aviation Management - Protecting 50 million acres of state and private forest and watershed lands from wildfire through a combination of direct protection and county support;
2. Forest Practice Regulation - Enforcing Montana's streamside management zone regulations and monitoring the voluntary best management practices program on all forests in Montana;
3. Administering Montana's Fire Hazard Reduction Law - Ensuring that the fire hazard created by logging and other forest management operations on private forest lands is adequately reduced, or that additional fire protection is provided until the hazard is reduced;
4. Providing Forestry Services - Providing technical forestry assistance to private landowners, businesses, and communities; and
5. Tree and Shrub Nursery - Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

### Trust Lands

The Trust Land Management Division provides for the administration and management of trust lands granted to the State of Montana by the Enabling Act of 1889. These lands currently total 5.2 million surface acres and 6.2 million mineral acres. Additionally, the division is responsible for the administration of approximately 6,000 miles (40,000+ acres) of beds of navigable waterways. The Trust Land Management Division is divided into four primary programs: forest management, agriculture and grazing management, special use management, and minerals management.

## Funding

### Forestry and Trust Lands Division

#### Forestry

The Forestry Division contains six programs funded with general fund, state special revenue, and federal funds. General fund, as a part of the funding for the Air Operations Bureau, is transferred to and spent from the bureau's proprietary fund account for fixed costs. Although the legislature no longer appropriates the proprietary funds, it does set the hourly rates charged for use of department aircraft. Revenue from this charge is also deposited in the proprietary account.

State special revenue generated from the sale of nursery stock and forest improvement fees is used to fund the nursery program. The Land Board approves the variable forest improvement fee when timber sales are approved based on the state's expected costs of slash disposal, road access and maintenance, and reforestation. Landowner fire protection taxes are paid by private forest landowners for wildfire protection. The department is required by statute to collect up to one-third of the state's fire protection appropriation from private landowners (Section 76-13-207, MCA). The other two-thirds is funded with general fund and federal funds. The department is required to set the tax so that collections equal the amount appropriated by the legislature. Other state special revenues include money from the sale of nursery stock and slash removal assessments on private landowners who cut timber. Fees of \$25 for each slash hazard reduction agreement and \$0.60 per thousand board feet sold, plus forfeited fire hazard reduction bonds, are collected for use by the department.

Federal funds finance a portion of the fire protection, other services, and service forestry programs. General fund reimbursed from federal agencies to the state for the state's wildfire costs are appropriated at \$350,000 federal funds each year. These funds are reimbursements received from federal agencies for general fund the department spent in assisting them in fire suppression and from equipment rental. Since these funds would have been deposited in the general fund, these appropriations reduce the amount of general fund deposits.

#### Trust Lands

State special revenue, generated from the sale of timber on state land, is the primary source of funding for the Trust Lands Division. The trust lands division is primarily funded with trust fund revenues, timber sales, and forest resources fees. The remaining funding is made up of recreational use and state lands resource development. General fund is used to fund salaries for support staff. Table 7 details the funding of the Forestry and Trust Lands Division.

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	\$5,454,428		\$6,167,974		\$6,093,328	
General Fund Guarantee Account	\$0		\$75,000,000		\$0	
Subtotal -- General Fund	\$5,454,428	34.09%	\$81,167,974	85.94%	\$6,093,328	32.59%
Forest Resources Nursery	\$272,803		\$387,665		\$403,475	
State Fire Protection Taxes	\$2,058,988		\$2,262,878		\$2,225,373	
Forestry -- Slash Disposal	\$139,990		\$171,905		\$173,836	
DSL Recreational Use Account	\$46,280		\$46,418		\$46,604	
Forest Resources -- Timber Sales	\$1,637,343		\$2,006,507		\$2,110,834	
Forest Resources -- Forest Improvement	\$1,405,916		\$1,977,450		\$1,962,407	
State Lands Res Dev	\$419,261		\$530,972		\$531,962	
Trust Fund Revenues	\$3,572,123		\$3,781,345		\$3,777,049	
Subtotal -- State Special Revenue	\$9,552,704	59.70%	\$11,165,140	11.82%	\$11,231,540	60.07%
Forest Resources -- Fire	\$593,931		\$1,041,738		\$838,280	
Forest Resources -- PFA	\$400,397		\$871,155		\$533,991	
Trust Land Division -- Federal	\$0		\$200,000		\$0	
Subtotal -- Federal	\$994,328	6.21%	\$2,112,893	2.24%	\$1,372,271	7.34%
Total Funding	\$16,001,460	100.00%	\$94,446,007	100.00%	\$18,697,139	100.00%



Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				1,275,629						1,344,241
Vacancy Savings				(309,958)						(312,017)
Inflation/Deflation				6,183						6,304
Fixed Costs				232,736						290,928
<b>Total Statewide Present Law Adjustments</b>				<b>\$1,204,590</b>						<b>\$1,329,456</b>
DP 3 - Debt Service - TLMD Database										
0.00	0	101,000	0	101,000	0.00	0	101,000	0	101,000	
DP 4 - Air Operations Adjustment										
0.00	22,275	11,475	0	33,750	0.00	22,275	11,475	0	33,750	
DP 5 - Forest Rehabilitation										
0.00	0	177,500	0	177,500	0.00	0	140,500	0	140,500	
DP 8 - Base Restoration										
0.00	0	417,860	0	417,860	0.00	0	413,490	0	413,490	
DP 9 - Assessment Re-write										
0.00	79,200	40,800	0	120,000	0.00	0	0	0	0	
DP 13 - Special Use Development										
0.00	0	116,000	0	116,000	0.00	0	116,000	0	116,000	
DP 14 - Increased Nursery Spending Authority										
0.00	0	67,000	0	67,000	0.00	0	82,000	0	82,000	
DP 18 - Increase In Operating Expenses										
0.00	0	57,690	0	57,690	0.00	0	61,976	0	61,976	
DP 19 - Leased Vehicles - TLMD										
0.00	0	25,149	0	25,149	0.00	0	42,291	0	42,291	
DP 21 - Federal Fire Reimbursement										
0.00	0	0	229,684	229,684	0.00	0	0	229,684	229,684	
DP 24 - Computer Equipment Upgrades										
0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000	
DP 25 - Operating Increase/Fire & Aviation										
0.00	8,108	4,022	12,500	24,630	0.00	8,108	4,022	7,500	19,630	
DP 26 - Replacement Equipment										
0.00	0	15,000	0	15,000	0.00	0	17,000	0	17,000	
DP 27 - Phase II/Slash Programming										
0.00	23,600	0	0	23,600	0.00	0	0	0	0	
DP 29 - Interagency Support										
0.00	0	0	36,324	36,324	0.00	0	0	36,324	36,324	
DP 31 - Operating Adjustments/Other Service										
0.00	26,368	0	0	26,368	0.00	24,768	0	0	24,768	
DP 33 - Operating Increase/Service Forestry										
0.00	2,522	0	5,178	7,700	0.00	2,522	0	5,178	7,700	
DP 34 - Leased Vehicles - Program 35										
0.00	0	0	0	0	0.00	7,068	0	5,960	13,028	
DP 35 - Remote Weather Station										
0.00	8,710	4,290	0	13,000	0.00	0	0	0	0	
DP 61 - Inmate Crew										
(0.66)	(12,740)	(6,369)	0	(19,109)	(0.66)	(12,791)	(6,394)	0	(19,185)	
DP 696 - Data Network Fixed Cost Reduction										
0.00	(2,530)	(213)	0	(2,743)	0.00	(2,530)	(213)	0	(2,743)	
DP 699 - Vacancy Savings at 4 Percent										
0.00	(48,053)	(91,172)	(7,511)	(146,736)	0.00	(48,273)	(91,601)	(7,547)	(147,421)	
<b>Total Other Present Law Adjustments</b>										
(0.66)	<b>\$107,460</b>	<b>\$965,032</b>	<b>\$276,175</b>	<b>\$1,348,667</b>	<b>(0.66)</b>	<b>\$1,147</b>	<b>\$916,546</b>	<b>\$277,099</b>	<b>\$1,194,792</b>	
<b>Grand Total All Present Law Adjustments</b>				<b>\$2,553,257</b>						<b>\$2,524,248</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 3 - Debt Service - TLMD Database** - The legislature approved funding to pay the annual debt service for an intercap loan through the Board of Investments. Repayment on the loan begins in fiscal 2001, and so it is not reflected in the base

for fiscal 2000. The 1999 legislature appropriated \$101,000 in fiscal 2001 for the annual repayment of an intercap loan for the redesign of the Trust Land Management Database. The department can borrow up to \$600,000 through the loan program administered by the Board of Investments to be repaid at \$101,000 per year for seven years. The funding source is from the resource development account that receives money from a 3.0 percent charge against income generated by state trust lands (except timber sale revenue).

DP 4 - Air Operations Adjustment - The legislature approved funding for the fixed costs in the Air Operations Section of the Fire and Aviation Management Bureau through HB 2. These funds are then transferred into the Air Operations proprietary fund (HB 576), where they are used to fund fixed costs such as rent, salaries, and insurance.

DP 5 - Forest Rehabilitation - The legislature approved a one-time-only appropriation for forest rehabilitation including erosion control, road maintenance, and tree regeneration in the Sula State Forest. Fires that occurred during the summer of 2000 burned 14,000+ acres of state land in the Bitterroot Valley, including essentially the entirety of the Sula State Forest. The authority addresses only rehabilitation activities being planned for the Sula State Forest, including erosion control, maintenance on existing road systems, and tree regeneration in order to re-establish forest in the area.

DP 8 - Base Restoration - The legislature approved funding to restore forest management funding to that portion of the fiscal 2000 base for its timber sale program.

DP 9 - Assessment Re-write - The legislature approved a one-time-only, restricted appropriation to update the existing fire protection assessments computer system. The objective is to migrate from the mainframe databases to a completely personal computer database system. This objective was established because of the inability of mainframe databases to perform ad-hoc queries, the primitive interaction with the user, difficulty with training, lack of compatibility with Geographic Information System (GIS) applications, and the need to update the current PC based system.

DP 13 - Special Use Development - The legislature approved funding in the special uses program for development and infrastructure on several commercial leasing projects throughout the state. Many of the parcels now projected for development are currently producing minimum revenues (\$1 to \$25/acre). The department contends that development of these parcels into commercial leases would return revenues exceeding \$1,000/acre.

The primary activities that will be pursued are:

1. Statewide Transitional Lands Management Plan

The Special Use Bureau has started work on an environmental impact statement to guide the development of trust lands for commercial, recreational, wildlife habitat, and open space use. During the 2003 biennium, the department will hire private consultants to prepare components of the EIS, such as transportation planning and economic analysis. There will also be costs associated with public participation and EIS production and mailing. Estimated contracted services costs associated with the EIS are \$33,000 in fiscal 2002.

2. Kalispell - Section 36 Development

The school trust owns 500 acres immediately adjacent to the City of Kalispell suitable for commercial development. Current income from agricultural production earns \$15/acre. New commercial uses of the property could earn between \$1-\$2 per square foot. Infrastructure and marketing costs are estimated to be \$50,000 in each year of the biennium.

3. American Timber Mill Site Marketing

Due to the closure of the mill, the department will market the American Timber Mill site. American Timber currently employs 250 employees and contract workers. DNRC will market this site for a future use. Estimated marketing costs are \$3,000 in fiscal 2002.

4. Missoula - Reserve Street Development

The school trust owns two commercial lots along Reserve Street in Missoula. While current income production is zero, commercial use potential is \$58,000 annually. Estimated marketing costs in fiscal 2002 are \$5,000.

#### 5. Belgrade Commerce Center-Plan for Development

The school trust owns 250 acres adjacent to the new interchange in Belgrade. This property earns \$15 per acre, while new, commercial uses of the property could earn over \$1 per square foot. Neighborhood planning, infrastructure engineering, and marketing costs are expected to be \$20,000 in fiscal 2002 and \$50,000 in fiscal 2003.

#### 6. Billings - Neighborhood Plan

The school trust owns several sections adjacent to the City of Billings. DNRC will pursue a neighborhood planning effort to determine suitable uses. Also, DNRC will continue lot sales at the Continental Divide Subdivision and pursue a commercial lease at Columbus for the support of the DPHHS Foster Care Program.

DP 14 - Increased Nursery Spending Authority - The legislature approved an appropriation for an operating budget increase in anticipation of increased orders for conservation seedlings. Increased demand for this service coupled with a severe fire season is expected to increase the demand for seedlings.

DP 18 - Increase In Operating Expenses - The legislature approved funding for various increases in operating expenses. The amount approved reflects increased rent, a janitorial contract, weed control, in-state lodging, and catastrophic insurance coverage for the state's share of crops grown on state land.

DP 19 - Leased Vehicles - TLMD - The legislature approved funding for leased vehicles. The authority includes five new leased vehicles in fiscal 2002 and two additional new leased vehicles in fiscal 2003.

DP 21 - Federal Fire Reimbursement - The legislature approved a restricted appropriation to expend federal dollars received in support of federal fire suppression activities. These funds are referred to as the federal fire reimbursement and are received from federal agencies and other states for the use of DNRC personnel and equipment. DNRC provides assistance in managing emergency incidents, such as fire suppression activities. Only those funds received as reimbursement of personnel expenses (up to \$100,000) credited against the operational budget of the fire program or those funds received as payment under equipment use agreements (up to \$250,000) are considered federal fire reimbursement funds.

DP 24 - Computer Equipment Upgrades - The legislature approved funding to replace computer equipment throughout the division. The Trust Land Management Division has approximately 110 computers and is working under a replacement schedule of 4 - 5 years per computer. The division proposes to replace 20 - 25 computers per year. The existing base has sufficient funding to replace 10 -12 computers annually.

DP 25 - Operating Increase/Fire & Aviation - The legislature approved an appropriation to fund rental increases, weather station maintenance, additional utilities, the move of an existing facility, increased in-state lodging, and implementation of a Volunteers in Fire Prevention Program (VIP).

DP 26 - Replacement Equipment - The legislature approved a one-time-only appropriation to purchase various pieces of equipment.

DP 27 - Phase II/Slash Programming - The legislature approved a one-time appropriation to develop a computer program for all field forestry area and unit offices that would interface with the new statewide slash accounting program. The appropriation is for program development only. Installation in the 17 area and unit offices will be done by department IT staff.

DP 29 - Interagency Support - The legislature approved an appropriation to spend federal dollars received in support of interagency dispatch and support operations. The department fire management program operates a number of interagency fire dispatch and support centers in cooperation with federal agencies throughout the state. Centers that are primarily managed by the department receive federal funding for support.



DP 31 - Operating Adjustments/Other Service - The legislature approved funding for increased rent, utilities, communication, and janitorial contracted services costs to maintain current operating levels in forestry programs statewide.

DP 33 - Operating Increase/Service Forestry - The legislature approved funding for increases to the operating base for the community forestry program. The decision package includes funding for miscellaneous operating adjustments. The operating budget was under-spent in fiscal 2000 due to upgrades for two employees. The federal grant is expected to increase by \$3,500 per year beginning in fiscal 2002.

DP 34 - Leased Vehicles - Program 35 - The legislature approved funding to utilize the Montana Department of Transportation leased vehicle program instead of purchasing new vehicles. This authority is for two new vehicles in fiscal 2003.

DP 35 - Remote Weather Station - The legislature approved a one-time-only appropriation to acquire a Remote Automatic Weather Station (RAWS) for the Northwest Land Office to replace an existing manual operated station. This weather station will replace a manual station and would provide the Northwest Land Office fire program with inputs to calculate fire danger outputs that help drive decisions and preparedness for fire response.

DP 61 - Inmate Crew - The legislature approved a reduction in each year of the biennium to reflect an inability to begin the inmate fire suppression crew program due to concerns from the Department of Corrections. No expenditures are reflected in the base and this adjustment eliminates the .66 FTE.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 9 - Non-Trust State Land Inventory & Administration										
35	1.00	48,290	0	0	48,290	1.00	43,431	0	0	43,431
DP 14 - Hazard Reduction Bond Forfeitures										
35	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
DP 15 - Forest Health Monitoring Program										
35	0.00	0	0	78,000	78,000	0.00	0	0	78,000	78,000
DP 16 - Habitat Conservation Plan										
35	0.00	0	0	200,000	200,000	0.00	0	0	0	0
DP 17 - Homeowner Defensible Space Audits										
35	0.00	0	0	200,000	200,000	0.00	0	0	0	0
DP 18 - Private Forest Land Owner Assistance										
35	0.00	0	0	350,000	350,000	0.00	0	0	0	0
DP 36 - SB 31 Revise State Trust Land Laws										
35	0.00	0	5,000	0	5,000	0.00	0	5,000	0	5,000
DP 38 - SB 354 -- Full Compensation for School Trust										
35	0.00	0	0	0	0	1.00	0	35,000	0	35,000
DP 63 - SB 495 -- Purchase of Mineral Rights										
35	0.00	75,000,000	0	0	75,000,000	0.00	0	0	0	0
DP 689 - FTE Reduction										
35	(2.27)	0	0	0	0	(2.27)	0	0	0	0
<b>Total</b>	<b>(1.27)</b>	<b>\$75,048,290</b>	<b>\$15,000</b>	<b>\$828,000</b>	<b>\$75,891,290</b>	<b>(0.27)</b>	<b>\$43,431</b>	<b>\$50,000</b>	<b>\$78,000</b>	<b>\$171,431</b>

### New Proposals

DP 9 - Non-Trust State Land Inventory & Administration - The legislature approved authority for 1.0 FTE to perform an inventory and administer non-trust state land throughout the state. No summary inventory of non-trust state lands currently exists. The department receives from 5 to 15 requests per year from other agencies to conduct this research.

DP 14 - Hazard Reduction Bond Forfeitures - The legislature approved authority to spend hazard reduction bond forfeitures up to \$20,000 for the 2003 biennium to reduce slash hazards allowable under 76-13-410, MCA.

DP 15 - Forest Health Monitoring Program - The legislature approved a one-time-only, restricted appropriation to continue the forest-health monitoring program. The 1999 legislature approved expenditure of federal funds for the forest health-monitoring program as a one-time-only expenditure to utilize U.S. Forest Service funding to hire a private forest pathology consultant. With this authority, the pathologist will help DNRC with issues ranging from mapping the extent and evaluating the severity of root disease to responding to private landowner requests for assistance in identifying and managing forest diseases.

A contract and work plan was developed in fiscal 2000 for the pathologist. Projects on state and private lands include:

1. Mapping the extent and evaluating the severity of root diseases;
2. Locating and evaluating the opportunity of establishing blister rust resistant, white pine plantations in western Montana;
3. Evaluating and recommending management alternatives for dwarf mistletoe infestations in Douglas fir, western larch, and lodgepole pine;
4. Delineating and prioritizing high-risk stands;
5. Assisting DNRC staff with disease problems on state lands; and
6. Responding to private landowner requests for assistance in identifying and managing forest diseases.

DP 16 - Habitat Conservation Plan - The legislature approved a one-time-only, restricted, biennial appropriation for development of a habitat conservation plan for Montana. The Endangered Species Act of 1973, as amended, established the Habitat Conservation Plan Program (HCP). The program was developed to address the establishment of conservation plans to minimize and mitigate for the taking of federally listed threatened and endangered species. DNRC has been awarded \$300,000 to fund any appropriated technical and administrative personnel, equipment, and facilities to support the development of a habitat conservation plan. It is anticipated that \$100,000 will be spent each year for the next three years. A budget amendment was submitted for fiscal 2001 authority.

DP 17 - Homeowner Defensible Space Audits - The legislature approved one-time-only, biennial funding for a pilot project to assist private landowners in assessing their existing risk to structures, resource, and property from wildland fire.

DP 18 - Private Forest Land Owner Assistance - The legislature approved one-time-only, restricted, biennial funding to assist landowners who have been impacted by fires or wish to take fire prevention measures. Services to be provided include cost-share grants to landowners, public information such as brochures, and public education for school children.

DP 36 - SB 31 -- Revise State Trust Land Laws - The legislature approved funding to implement SB 31. DNRC anticipates processing 100 historic rights-of-way applications requiring four hours of staff review for each application. Application fees will generate \$5,000 annually. Fiscal impact to the DNRC is \$5,000 in fiscal 2002 and \$5,000 in fiscal 2003 from state special revenue funds. Revenue derived from the sale of easements must be deposited to the respective permanent trust.

DP 38 - SB 354 -- Full Compensation for School Trust - The legislature approved funding to implement SB 354. SB 354 will increase the annual sustained yield by approximately 2 to 6 million board feet annually beginning in FY 2003. This appropriation is for 1.00 FTE to prepare and sell the additional volume generated by this legislation.

DP 63 - SB 495 -- Purchase of Mineral Rights - The legislature approved one-time-only, restricted, biennial funding to purchase mineral production rights from the trust and legacy account. Funding is limited to the amount borrowed from the coal tax permanent fund.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

### **Language**

The department is appropriated up to \$20,000 for the 2003 biennium from the bond proceeds provided for in 76-13-408 for hazard reduction bonds during the 2003 biennium.

State special revenue appropriations in item [Forestry and Trust Lands Division] may be used for firefighting costs. It is the intent of the legislature to replace any state special revenue expenditures with a general fund supplemental appropriation in the next legislative session.

Item [Fire Reimbursement Funds] are those funds received from non-state entities for the use of department personnel and equipment to assist them in managing emergency incidents, such as fire suppression activities. Only funds up to \$100,000 received as reimbursement of personnel expenses credited against the department's operational budget and up to \$250,000 of funds received as payment under equipment use agreements are considered fire reimbursement funds. All other funds received must be deposited in the general fund. Funds reimbursed for the use of department equipment must be expended for the repair, maintenance, and replacement of equipment that supports the state-county cooperative fire program. The department shall report fire reimbursement expenditures on state accounting records, and the records must be separate from present law operations.



Item [Revise State Trust Land Laws] is contingent upon passage and approval of Senate Bill 31.

Item [Full Compensation for School Trust for Natural Areas] is contingent on passage and approval of Senate Bill 354.

(Note: Senate Bills 31 and 354 have been signed and approved)

## Proprietary Rates

### Program Description

The Air Operations Program in the Forestry Division is funded from: 1) the air operations proprietary account for those costs that can be supported by the aircraft rates charged to agencies that use the aircraft; and 2) general fund and fire protection taxes for fixed costs. The program operates three medium helicopters, two light helicopters, and three single engine fixed-wing airplanes. Aircraft are primarily used for fire detection, support and suppression of wildfires, and reclamation work in the Department of Environmental Quality. Fixed costs are paid by the general fund and fire protection tax revenue since they must be paid regardless of number of hours flown. These costs include hangar rent, insurance, and personnel costs. The general fund and fire protection taxes are appropriated by the legislature and transferred to and spent from the proprietary account. Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft. Users of the aircraft include DRNC, other state agencies, federal agencies, and the state's wildfire suppression efforts. This revenue is also deposited to the proprietary account.

### Rate Explanation

The Aviation Bureau of the Forestry Division at DNRC charges for the usage of its fixed and rotary wing aircraft. Projected expenditures for each year are applied against the number of projected flight hours by each type of aircraft. The aircraft are primarily used for fire detection and suppression. Consequently, aircraft utilization is primarily driven by the severity of each fire season. The goal of the rate methodology is to maintain a fund balance that is less than 60 days, per HB 576 requirements. Rates based on the specific costs and flight usage by type of aircraft are used for charge-back to the users of the aircraft.

Three rates are determined through this process. The table below illustrates each per hour rate.

Rate Type	Fiscal 2002	Fiscal 2003
Fixed Wing	\$95	\$95
Bell 206A Helicopter	355	355
UH-1 Huey Helicopter	875	875

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	108.72	0.83	0.00	109.55	0.83	0.00	109.55	109.55
Personal Services	3,512,414	589,603	53,679	4,155,696	612,662	53,867	4,178,943	8,334,639
Operating Expenses	2,176,271	305,090	208,091	2,689,452	218,400	107,433	2,502,104	5,191,556
Equipment	214,512	60,810	25,000	300,322	(2,696)	42,000	253,816	554,138
Grants	2,868,758	(198,116)	2,201,341	4,871,983	(193,295)	701,337	3,376,800	8,248,783
Transfers	80,000	0	0	80,000	0	0	80,000	160,000
Debt Service	1,308	0	0	1,308	0	0	1,308	2,616
<b>Total Costs</b>	<b>\$8,853,263</b>	<b>\$757,387</b>	<b>\$2,488,111</b>	<b>\$12,098,761</b>	<b>\$635,071</b>	<b>\$904,637</b>	<b>\$10,392,971</b>	<b>\$22,491,732</b>
General Fund	608,714	125,212	57,468	791,394	118,900	57,454	785,068	1,576,462
State/Other Special	7,451,196	588,794	275,141	8,315,131	472,073	723,745	8,647,014	16,962,145
Federal Special	518,056	9,531	2,108,898	2,636,485	10,802	108,884	637,742	3,274,227
Proprietary	275,297	33,850	46,604	355,751	33,296	14,554	323,147	678,898
<b>Total Funds</b>	<b>\$8,853,263</b>	<b>\$757,387</b>	<b>\$2,488,111</b>	<b>\$12,098,761</b>	<b>\$635,071</b>	<b>\$904,637</b>	<b>\$10,392,971</b>	<b>\$22,491,732</b>

### Agency Description

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

1. strengthens and diversifies the Montana agriculture industry through private-public partnerships;
2. collects and publishes agricultural production and marketing statistics relating to agricultural products;
3. assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibition of agriculture;
4. adopts standards for grade and other classifications of farm products;
5. coordinates the planning and maintenance of economical and efficient marketing distribution systems;
6. gathers and distributes marketing information concerning supply, demand, price, and movement of farm products;
7. regulates production and marketing of food and fiber products; and
8. registers pesticides and fertilizers and enforces laws pertaining to them.

### Summary of Legislative Action

The legislature added 0.83 FTE and \$4.8 million over the fiscal 2000 base (\$1.1 million decrease from the 2001 biennium) to the Department of Agriculture. Of this total, \$3.4 million was for new proposals, including:

1. increases in general fund and state and federal special revenues to formulate and implement a department-wide electronic commerce strategic plan that addresses the potential increase of on-line transactions within the department, including filing, licensing, and registration processes;
2. \$2.0 million in federal funds for pass-through weed management grants for fire-affected areas; and
3. increased general fund (\$202,678) and state special revenue (\$700,000) authority for weed control programs.

The remaining increase is associated with present law adjustments, including increased general fund to provide start-up funding for the Organic Certification Program; reestablishment of state special revenue authority for biennial funding of Rail Transportation Technical Assistance services; and increased state special revenue authority for anticipated workload in the state grain laboratory.

1.83 FTE were added to implement the electronic commerce strategic plan and organic certification program, and to increase the number of seasonal potato inspectors the department can hire. Additionally, the legislature added language to the boilerplate section of HB 2 which deleted FTE, but not the funding, for all positions vacant for over 7 months, with exceptions. As a result of this language, the department lost 1.0 FTE.

**Other Legislation**

House Bill 73 - HB 73 directs the department to establish a full-cost accounting model for the state hail program and state grain laboratory to determine the total cost of providing these services in-house. There is no projected fiscal impact to the department.

House Bill 141 - HB 141 revises several laws pertaining to the sale of mint oil. One change made was to decrease the mint oil purchaser license fee from \$50 annually to \$20 annually. This will result in a projected loss of revenue to the department of \$120 in fiscal 2002 and \$200 in fiscal 2003. Remaining assessment revenues are deemed to be sufficient to fund ongoing operations during the biennium and into the future.

House Bill 628 - HB 628 establishes an alternative dispute resolution council and requires alternative dispute resolution efforts as a prerequisite to a buyer maintaining a legal action against a seller of agricultural seed. This requirement is projected to have a net zero affect on state special revenue fund balances.

Senate Bill 143 - SB 143 raises the fees for pesticide registration from \$70 to \$90, and increases the Special Agricultural Chemical Ground Water Protection Fee from \$80 to \$95. Revenues into the department are projected to increase by approximately \$225,000 each year of the biennium.

Senate Bill 165 - SB 165 generally revises the laws pertaining to the Growth Through Agriculture program, and clarifies the reimbursement owed to Montana Agriculture Development Council members. Based on the passage of this bill, state special revenue expenditures are projected to increase by \$2,000 in each year of the biennium.

Senate Bill 261 - SB 261 authorizes the growing of industrial hemp as an agricultural crop, and requires the payment of a license fee prior to the growing of industrial hemp by a producer. The effect on state special revenue balances is projected at a net zero change over the biennium.

Senate Bill 326 - SB 326 generally revises laws pertaining to weeds. Among other things, the act effects a transfer of \$100,000 in each year of the biennium from the Highway State Special Revenue Account into the Noxious Weed Administration Account; and a one-time transfer of \$500,000 in fiscal 2003 from the Resource Indemnity Trust Fund into the Noxious Weed Administration Account. Both transfers are to be used for the purpose of weed management district program enhancement.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	108.72	110.55	109.55	(1.00)	110.55	109.55	(1.00)	
Personal Services	3,512,414	4,158,411	4,155,696	(2,715)	4,181,668	4,178,943	(2,725)	(5,440)
Operating Expenses	2,176,271	2,695,553	2,689,452	(6,101)	2,508,216	2,502,104	(6,112)	(12,213)
Equipment	214,512	300,322	300,322	0	253,816	253,816	0	0
Grants	2,868,758	2,670,642	4,871,983	2,201,341	2,675,463	3,376,800	701,337	2,902,678
Transfers	80,000	80,000	80,000	0	80,000	80,000	0	0
Debt Service	1,308	1,308	1,308	0	1,308	1,308	0	0
<b>Total Costs</b>	<b>\$8,853,263</b>	<b>\$9,906,236</b>	<b>\$12,098,761</b>	<b>\$2,192,525</b>	<b>\$9,700,471</b>	<b>\$10,392,971</b>	<b>\$692,500</b>	<b>\$2,885,025</b>
General Fund	608,714	751,974	791,394	39,420	745,661	785,068	39,407	78,827
State/Other Special	7,451,196	8,161,994	8,315,131	153,137	7,993,889	8,647,014	653,125	806,262
Federal Special	518,056	636,485	2,636,485	2,000,000	637,742	637,742	0	2,000,000
Proprietary	275,297	355,783	355,751	(32)	323,179	323,147	(32)	(64)
<b>Total Funds</b>	<b>\$8,853,263</b>	<b>\$9,906,236</b>	<b>\$12,098,761</b>	<b>\$2,192,525</b>	<b>\$9,700,471</b>	<b>\$10,392,971</b>	<b>\$692,500</b>	<b>\$2,885,025</b>

**Executive Budget Comparison**

The legislative budget is \$2.9 million higher than the executive proposal. General fund is increased by \$78,827 over the biennium. The increase in funding is entirely attributable to the addition of approximately \$202,000 general fund,



\$700,000 state special revenue, and \$2.0 million federal funds for weed control activities. The legislature also approved two global amendments which:

1. reduced general fund by an amount equal to 1 percent of authorized FTE (\$5,440 over the biennium). No FTE were reduced; and
2. reduced general fund by an amount equal to 13 percent of fiscal 2000 general fund travel expenditures (\$9,654 over the biennium).

Additionally, the legislature approved a fund switch that reduced general fund and increased state special revenue authority by \$108,390 over the biennium.

#### Language

Item [Central Management Division] includes a reduction in general fund of \$4,827 in fiscal 2002 and \$4,827 in fiscal 2003. This reduction is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Central Management Division] includes a general fund reduction of \$2,715 in fiscal 2002 and \$2,725 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	12.00	0.00	1.00	13.00	0.00	1.00	13.00	13.00
Personal Services	486,129	42,205	36,841	565,175	45,207	36,971	568,307	1,133,482
Operating Expenses	176,207	7,774	118,972	302,953	(19,345)	35,386	192,248	495,201
Equipment	13,603	0	0	13,603	0	0	13,603	27,206
Grants	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$675,939</b>	<b>\$49,979</b>	<b>\$155,813</b>	<b>\$881,731</b>	<b>\$25,862</b>	<b>\$72,357</b>	<b>\$774,158</b>	<b>\$1,655,889</b>
General Fund	230,062	13,364	(43,873)	199,553	2,100	(43,883)	188,279	387,832
State/Other Special	319,055	31,277	175,141	525,473	19,451	123,745	462,251	987,724
Federal Special	94,201	(3,329)	(22,059)	68,813	(3,487)	(22,059)	68,655	137,468
Proprietary	32,621	8,667	46,604	87,892	7,798	14,554	54,973	142,865
<b>Total Funds</b>	<b>\$675,939</b>	<b>\$49,979</b>	<b>\$155,813</b>	<b>\$881,731</b>	<b>\$25,862</b>	<b>\$72,357</b>	<b>\$774,158</b>	<b>\$1,655,889</b>

### Program Description

The Central Management Division (CMD) performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. This division also includes the director's office, which provides overall policy development for the department.

### Funding

This program is funded with a mixture of general fund, state and federal special revenue, and proprietary funds. The division is funded by assessments on the programs it supports. Each program is assessed 20 percent of its personal services and 2.5 percent of grants in order to compensate the division for its services. This method of assessment to the programs is consistent with how the division has assessed programs in the past.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				64,326					67,458
Vacancy Savings				(15,239)					(15,333)
Inflation/Deflation				37					246
Fixed Costs				6,646					(26,636)
Total Statewide Present Law Adjustments				\$55,770					\$25,735
DP 4 - Base Budget Adjustments									
0.00	1,964	3,927	0	6,545*	0.00	3,756	7,512	0	12,520*
DP 696 - Data Network Fixed Cost Reduction									
0.00	0	(215)	0	(215)	0.00	0	(216)	0	(216)
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	(873)	(4,366)	0	(5,239)	0.00	(877)	(4,382)	0	(5,259)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(2,065)	(4,335)	0	(6,882)*	0.00	(2,075)	(4,358)	0	(6,918)*
Total Other Present Law Adjustments									
0.00	(\$974)	(\$4,989)	\$0	(\$5,791)*	0.00	\$804	(\$1,444)	\$0	\$127*
Grand Total All Present Law Adjustments				\$49,979*					\$25,862*

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 4 - Base Budget Adjustments - The legislature approved an increase in general fund and state special revenue for anticipated administrative cost increases. Increases include travel expenses for the department director, information technology staff training, and dues to the National Association of State Departments of Agriculture.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 2 - Fund Switch-Accounting Technician										
15	0.00	0	22,059	(22,059)	0	0.00	0	22,059	(22,059)	0
DP 3 - Electronic Transactions Strategic Planning										
15	1.00	17,864	98,887	0	163,355*	1.00	17,864	47,491	0	79,909*
DP 99 - Fund Switch - Reduce General Fund										
15	0.00	(54,195)	54,195	0	0	0.00	(54,195)	54,195	0	0
DP 691 - Personal Services General Fund Reduction										
15	0.00	(2,715)	0	0	(2,715)	0.00	(2,725)	0	0	(2,725)
DP 693 - Statewide Travel Reduction										
15	0.00	(4,827)	0	0	(4,827)	0.00	(4,827)	0	0	(4,827)
<b>Total</b>	<b>1.00</b>	<b>(\$43,873)</b>	<b>\$175,141</b>	<b>(\$22,059)</b>	<b>\$155,813*</b>	<b>1.00</b>	<b>(\$43,883)</b>	<b>\$123,745</b>	<b>(\$22,059)</b>	<b>\$72,357*</b>

### New Proposals

DP 2 - Fund Switch-Accounting Technician - The legislature approved the reallocation of funding for an accounting technician position in the Central Management Division to more accurately reflect the allocation of duties performed by the position. The adjustment reduces federal EPA funds from 100 percent to 25 percent and increases various state special revenue accounts to 75 percent.

DP 3 - Electronic Transactions Strategic Planning - The legislature approved increases to general fund, state and federal special revenue, and proprietary authority for implementation of a comprehensive information technology plan for the department. This increase added 1.0 FTE and the funding necessary to convert a modified position to permanent, in addition to providing funding to develop and implement a strategic plan for electronic government transactions and communications, to incorporate IT projects for the Hail Insurance Program and the licensing programs, and to upgrade a current IT position from grade 16 to grade 19. Programs included for database upgrades with this increase include the Hail Insurance, Pesticide, Fertilizer, Apiary Registration, Feed, Seed, and Produce, and the Agricultural Commodity Warehouse Operators and Commodity Dealers programs, as well as various licensing and registration programs. The legislature designated contracted services funding of \$118,000 in fiscal 2002 and \$34,414 in fiscal 2003 as one-time-only.

DP 99 - Fund Switch - Reduce General Fund - The legislature approved a funding switch in the Central Management Division. This switch reduces general fund and replaces it with funding from the Pesticide and the Produce accounts.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced. The entire reduction



was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 13 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

**Language**

Item [Central Management Division] includes a reduction in general fund of \$4,827 in fiscal 2002 and \$4,827 in fiscal 2003. This reduction is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Central Management Division] includes a general fund reduction of \$2,715 in fiscal 2002 and \$2,725 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	56.84	0.83	(1.00)	56.67	0.83	(1.00)	56.67	56.67
Personal Services	2,013,766	117,282	16,838	2,147,886	129,293	16,896	2,159,955	4,307,841
Operating Expenses	878,847	96,416	89,119	1,064,382	77,322	72,047	1,028,216	2,092,598
Equipment	200,909	(33,990)	25,000	191,919	(40,996)	42,000	201,913	393,832
Grants	1,986,260	(276,878)	2,201,341	3,910,723	(276,878)	701,337	2,410,719	6,321,442
<b>Total Costs</b>	<b>\$5,079,782</b>	<b>(\$97,170)</b>	<b>\$2,332,298</b>	<b>\$7,314,910</b>	<b>(\$111,259)</b>	<b>\$832,280</b>	<b>\$5,800,803</b>	<b>\$13,115,713</b>
General Fund	51,204	85,538	101,341	238,083	87,613	101,337	240,154	478,237
State/Other Special	4,649,966	(195,101)	100,000	4,554,865	(212,694)	600,000	5,037,272	9,592,137
Federal Special	378,612	12,393	2,130,957	2,521,962	13,822	130,943	523,377	3,045,339
<b>Total Funds</b>	<b>\$5,079,782</b>	<b>(\$97,170)</b>	<b>\$2,332,298</b>	<b>\$7,314,910</b>	<b>(\$111,259)</b>	<b>\$832,280</b>	<b>\$5,800,803</b>	<b>\$13,115,713</b>

### Program Description

The Agricultural Sciences Division administers, manages, coordinates, and evaluates the major activities of:

1. pesticide and pest management;
2. analytical laboratory services;
3. noxious weed management;
4. agricultural chemical groundwater management;
5. vertebrate pest management; and
6. organic product certification.

This program administers the Montana Pesticides Act, the Agricultural Chemical Groundwater Protection Act, the Crop Insect Detection Act, the Vertebrate Pest Management Act, the Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed within the state.

### Funding

Non-general funds provide 96.4 percent of Agricultural Sciences Division funding. General fund supports portions of several programs within the division, including Pesticide Management and Agricultural Commodities, and provides full funding for the Organic Certification Program. The division's primary funding includes state special revenues collected from the \$1.50 noxious weed vehicle registration fee and the interest earned on the Noxious Weed Trust. Pesticide registration fees of \$185 per product are allocated at the \$95 level to the Groundwater State Special Revenue Account, with the remaining \$90 going to the Pesticide Management State Special Revenue Account. The Pesticide Management Account also receives revenue from pesticide dealers and commercial, governmental, and farm application fees. Other state special revenues come from commercial feed and fertilizer registration and inspection fees. These fees include mint assessments, fees for anhydrous ammonia and commodity inspection, testing and license fees, and commercial dealer and public-warehouse operator license fees. Federal funds are from the market services account, which completely funds the medicated feed program, portions of the pesticide and ground water programs supported by the EPA, and weed management grants for fire-affected areas.

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				174,218						186,690
Vacancy Savings				(59,479)						(59,854)
Inflation/Deflation				514						1,348
Fixed Costs				29,776						31,911
<b>Total Statewide Present Law Adjustments</b>				<b>\$145,029</b>						<b>\$160,095</b>
DP 2 - Base Budget Adjustments										
0.00	5,312	(290,733)	1,350	(284,071)	0.00	6,961	(311,496)	1,350	(303,185)	
DP 6 - Increase Seasonal Potato Inspectors										
0.33	0	10,674	0	10,674	0.33	0	10,674	0	10,674	
DP 7 - Organic Certification Program										
0.50	41,567	0	0	41,567	0.50	41,680	0	0	41,680	
DP 8 - Alfalfa Seed Phytosanitary Inspection										
0.00	0	4,000	0	4,000	0.00	0	4,000	0	4,000	
DP 9 - Agriculture Commodities Contract										
0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000	
DP 10 - Feed Study on Weed Seed Standards										
0.00	0	10,000	0	10,000	0.00	0	0	0	0	
DP 11 - Genetically Modified Organisms Training										
0.00	0	2,500	0	2,500	0.00	0	2,500	0	2,500	
DP 696 - Data Network Fixed Cost Reduction										
0.00	(32)	(703)	0	(735)	0.00	(32)	(714)	0	(746)	
DP 698 - Rent Reduction - Use of Capitol Land Grant										
0.00	(1,269)	(5,271)	(1,448)	(7,988)	0.00	(1,272)	(5,285)	(1,451)	(8,008)	
DP 699 - Vacancy Savings at 4 Percent										
0.00	(1,115)	(24,715)	(2,316)	(28,146)	0.00	(1,118)	(24,825)	(2,326)	(28,269)	
<b>Total Other Present Law Adjustments</b>										
0.83	\$44,463	(\$284,248)	(\$2,414)	(\$242,199)	0.83	\$46,219	(\$315,146)	(\$2,427)	(\$271,354)	
<b>Grand Total All Present Law Adjustments</b>				<b>(\$97,170)</b>						<b>(\$111,259)</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Base Budget Adjustments - The legislature approved adjustments to all programs, to effect a net decrease over the biennium and keep expenditures consistent with projected revenue. Decreases include contracted services for the installation of water-monitoring wells, vehicle replacement funding, and grant funding. Increases include contracted services to provide for anhydrous ammonia safety training, in-state lodging increases, equipment replacement funding, and the division's share of the department's cost allocation plan.

DP 6 - Increase Seasonal Potato Inspectors - The legislature approved an increase in state special revenue authority enabling the department to address the increased workload associated with the Seasonal Potato Inspection Program. The increase adds 0.33 FTE and related funding each year of the biennium in order to increase the number of seasonal inspectors used by the department.

DP 7 - Organic Certification Program - The legislature approved the use of general fund to support implementation of the Organic Certification Program. The increase adds a 0.5 FTE and program-related funding for each year of the biennium. The legislature designated the appropriation as restricted/one-time-only, and included language specifying intent for the program to use sources other than general fund during the 2005 biennium.

DP 8 - Alfalfa Seed Phytosanitary Inspection - The legislature approved an increase in state special revenue authority allowing the department to continue to contract for alfalfa crop inspections.



DP 9 - Agriculture Commodities Contract - The legislature approved an increase in state revenue authority allowing the department to contract with the USDA for warehouse compliance inspections.

DP 10 - Feed Study on Weed Seed Standards - The legislature approved an increase in state special revenue authority allowing the department to contract with Montana State University feed-forage and weed specialists to: 1) conduct a study on weed seeds in feeds; and 2) recommend standards for the number of viable weed seeds in feeds.

DP 11 - Genetically Modified Organisms Training - The legislature approved an increase in state special revenue authority allowing the department to provide specialty training on genetically-modified organisms.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 4 - USDA Record Keeping Grant										
30	0.00	0	0	30,957	30,957	0.00	0	0	30,943	30,943
DP 5 - EPA Special Grants Funding										
30	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 20 - Weed Management Grants										
30	0.00	0	0	2,000,000	2,000,000	0.00	0	0	0	0
DP 21 - Weed Control Program										
30	0.00	101,341	0	0	101,341	0.00	101,337	0	0	101,337
DP 326 - SB 326 - Weed Control Program										
30	0.00	0	100,000	0	100,000	0.00	0	600,000	0	600,000
DP 689 - FTE Reduction										
30	(1.00)	0	0	0	0	(1.00)	0	0	0	0
<b>Total</b>	<b>(1.00)</b>	<b>\$101,341</b>	<b>\$100,000</b>	<b>\$2,130,957</b>	<b>\$2,332,298</b>	<b>(1.00)</b>	<b>\$101,337</b>	<b>\$600,000</b>	<b>\$130,943</b>	<b>\$832,280</b>

### New Proposals

DP 4 - USDA Record Keeping Grant - The legislature approved an increase in federal special revenue authority, allowing the department to contract with the USDA to conduct a federal program ensuring private applicators who purchase and use restricted-use pesticides maintain appropriate records. The increase funds an existing 0.5 FTE and related costs, allowing inspections to be conducted for a negotiated number of applicators per year.

DP 5 - EPA Special Grants Funding - The legislature approved an increase in federal special revenue authority, allowing the department to expend grant funds. The increase includes grants for programs involving pesticide certification, enforcement, worker protection, endangered species and ground water. The legislature designated this appropriation as one-time-only.

DP 20 - Weed Management Grants - The legislature approved an increase in federal special revenue authority allowing the department to accommodate federal grants available for weed management programs in the areas impacted by the 2000 fires. The legislature designated the appropriation as biennial.

DP 21 - Weed Control Program - The legislature approved a general fund increase to provide for weed control grants. Additionally, the legislature reduced general fund within the Department of Fish, Wildlife, and Parks (FWP) by like amounts. The intent of the general fund reallocation is to have FWP contribute to the control of weeds distributed by hunters, fishermen, and wildlife on non-FWP properties. The legislature designated this appropriation as restricted.

DP 326 - SB 326 - Weed Control Program - Under the provisions of SB 326, the department is to receive \$100,000 each year from the Highway State Special Revenue Account. Additionally, the department is to receive a one-time transfer of \$500,000 in fiscal 2003 from the Resource Indemnity Trust, once the trust is certified by the Governor as having a balance in excess of \$100 million. The legislature designated the \$500,000 fiscal 2003 appropriation as one-time-only.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

### **Language**

It is the intent of the legislature that the department use sources other than the general fund to fund operations of the organic certification program in the 2005 biennium.

Item [Agricultural Sciences Division] contains \$100,000 each year of the 2003 biennium from the Department of Transportation Highway State Special Revenue Fund for use in the weed control program. This appropriation is contingent upon passage and approval of SB 326. (Note - SB 326 was passed and approved.)

The funds in item [Weed Control Program] are to be granted to governmental entities through an application process, to mitigate the impact of noxious weeds on private and state lands, except Department of Fish, Wildlife, and Parks lands, as a result of the activities of the Department of Fish, Wildlife, and Parks.

Item [SB 326 -- Weed Control Program] contains a \$500,000 appropriation in fiscal 2003 from state special revenue funds that are to be transferred from the Resource Indemnity Trust Fund. The \$500,000 appropriation is contingent upon the Governor's certification that the trust balance is in excess of \$100 million. Upon meeting the contingency in fiscal 2003, the Office of Budget and Program Planning is authorized to transfer the \$500,000 in cash from the Resource Indemnity Trust Fund to a state special revenue fund to be used for this purpose. Item [SB 326 -- Weed Control Program] is contingent upon passage and approval of SB 326. (Note - SB 326 was passed and approved.)

### **Proprietary Rates**

#### **Program Description**

The Montana Agricultural Loan Authority (MALA) was established in 1983 to administer the Beginning Farm Loan Program enacted under 80-12-101 through 80-12-403, MCA. Although MALA has been inactive since 1985, a proprietary account has been maintained to implement the tax deductions portion of the MALA, which remains in effect under 80-12-211, MCA. The program allows for a Montana income tax and/or capital gains deduction up to \$50,000 to the seller of agricultural land, if that land is sold to a qualifying beginning farmer or rancher. The parties involved must meet all qualifications of the program and must receive department approval. The legislature approved re-activation of the MALA for the 2003 biennium.

The Alfalfa Leaf-cutting Bee Program was established in 1981. The Alfalfa Seed Committee establishes standards for pathogens and parasites, certification of bees, and management of the program in cooperation with the department. Department personnel perform field and laboratory duties for the committee.

#### **Revenues and Expenses**

Revenue for the Beginning Farm Loan Program comes from the \$25 application fee charged to sellers applying for the program.

Alfalfa Leaf-cutting Bee Account revenues are received from laboratory analyses of pathogens in larva and determinations of sex ratios. Expenditures include laboratory costs and the committee members' per diem. There are no FTE funded in the program. There are usually overtime payments to the entomologist funded by this account. In fiscal 2000, the Alfalfa Leaf-cutting Bee Account received \$4,715 in revenues and expended \$3,902, for a fund balance increase of \$813.

No revenue was collected for the Beginning Farm Loan Program. However, the legislature approved re-activation of the Beginning Farm Loan Program for the 2003 biennium.

**Rate Explanation**

Fees are charged for certification and registration of Alfalfa Leafcutter Bees in Montana and for laboratory expenses. The fees charged are set by rule.

**New Proposals**

DP 100 - Beginning Farm Loan Program - The legislature approved re-activation of the Beginning Farm Loan Program under the Montana Agricultural Loan Act (80-12-311, MCA). The department requested the re-activation as a response to changes to the federal Internal Revenue tax code and renewed interest from Montana's agricultural bankers.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	39.88	0.00	0.00	39.88	0.00	0.00	39.88	39.88
Personal Services	1,012,519	430,116	0	1,442,635	438,162	0	1,450,681	2,893,316
Operating Expenses	1,121,217	200,900	0	1,322,117	160,423	0	1,281,640	2,603,757
Equipment	0	94,800	0	94,800	38,300	0	38,300	133,100
Grants	882,498	78,762	0	961,260	83,583	0	966,081	1,927,341
Transfers	80,000	0	0	80,000	0	0	80,000	160,000
Debt Service	1,308	0	0	1,308	0	0	1,308	2,616
<b>Total Costs</b>	<b>\$3,097,542</b>	<b>\$804,578</b>	<b>\$0</b>	<b>\$3,902,120</b>	<b>\$720,468</b>	<b>\$0</b>	<b>\$3,818,010</b>	<b>\$7,720,130</b>
General Fund	327,448	26,310	0	353,758	29,187	0	356,635	710,393
State/Other Special	2,482,175	752,618	0	3,234,793	665,316	0	3,147,491	6,382,284
Federal Special	45,243	467	0	45,710	467	0	45,710	91,420
Proprietary	242,676	25,183	0	267,859	25,498	0	268,174	536,033
<b>Total Funds</b>	<b>\$3,097,542</b>	<b>\$804,578</b>	<b>\$0</b>	<b>\$3,902,120</b>	<b>\$720,468</b>	<b>\$0</b>	<b>\$3,818,010</b>	<b>\$7,720,130</b>

### Program Description

The Agricultural Development Division administers programs that promote Montana agriculture through market development and enhancement. Assistance is given in support of commercializing traditional and innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the Rural Development, Wheat and Barley, Agriculture Marketing and Business Development, and State Grain Laboratory bureaus. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests to establish contract settlement prices between buyers and sellers of grain crops in Montana.

### Funding

Non-general funds provide 91 percent of Agricultural Development Division funding. General fund supports portions of administrative, agricultural marketing, agricultural statistics, and agricultural development activities. State and other special revenues consist of wheat and barley sales taxes, grain testing fees, coal severance tax collections, alfalfa seed assessments, income-tax check-offs for Agriculture in Montana Schools, interest earnings, and private donations. The Growth Through Agriculture Program receives a share of 8.36 percent of Coal Severance Tax collections, which is used to fund grants in, and operations of, the Agriculture Development Council for the Montana Growth Through Agriculture Act. Proprietary funds come from Hail Insurance; expendable trust funds come from the Rural Development and Rehabilitation Program. Hail Insurance administrative expenses are appropriated in HB 2 per Title 80, Chapter 2, MCA. Rural Development and Rehabilitation Program funds are not appropriated in HB 2.

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				312,981						320,075
Vacancy Savings				(35,837)						(36,048)
Inflation/Deflation				2,433						3,607
Fixed Costs				34,976						33,882
<b>Total Statewide Present Law Adjustments</b>				<b>\$314,553</b>						<b>\$321,516</b>
DP 12 - Rail Transportation Technical Assistance	0.00	0	50,000	0	50,000	0.00	0	0	0	0
DP 696 - Data Network Fixed Cost Reduction	0.00	(152)	(140)	0	(324)*	0.00	(151)	(140)	0	(323)*
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(1,510)	(1,173)	0	(4,000)*	0.00	(1,515)	(1,176)	0	(4,012)*
DP 699 - Vacancy Savings at 4 Percent	0.00	(3,915)	(11,082)	0	(17,184)*	0.00	(3,938)	(11,123)	0	(17,255)*
DP 5005 - In-State Lodging Rate Increase	0.00	1,000	2,390	467	6,361*	0.00	1,000	2,390	467	6,361*
DP 5006 - State Grain Laboratory Base Adjustment	0.00	0	238,255	0	238,255	0.00	0	210,900	0	210,900
DP 5007 - Wheat & Barley Base Adjustments	0.00	0	187,595	0	187,595	0.00	0	173,945	0	173,945
DP 5008 - Hail Insurance Program Base Adjustment	0.00	0	0	0	20,047*	0.00	0	0	0	20,061*
DP 5009 - Non-employee Per Diem Base Adjustment	0.00	0	2,775	0	2,775	0.00	0	2,775	0	2,775
DP 5010 - Agriculture in Montana Schools	0.00	0	6,500	0	6,500	0.00	0	6,500	0	6,500
<b>Total Other Present Law Adjustments</b>				<b>\$490,025*</b>	<b>0.00</b>	<b>(\$4,604)</b>	<b>\$384,071</b>	<b>\$467</b>		<b>\$398,952*</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$804,578*</b>						<b>\$720,468*</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 12 - Rail Transportation Technical Assistance - The legislature approved an increase in state special revenue allowing the department to continue efforts to monitor and address issues affecting the transportation of Montana's agricultural products. The increase provides funds to procure contracted services geared to providing oversight on mergers, deregulation, trade issues, commodity inspections, and Canadian transportation issues affecting Montana. This increase is funded entirely from the Wheat and Barley Research and Marketing Account. The legislature made this appropriation on a biennial basis, and designated it as restricted/one-time-only.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 5005 - In-State Lodging Rate Increase - The legislature approved an increase in general fund and state and federal special revenue authority to accommodate the anticipated increases of in-state lodging rates for the 2003 biennium. This increase assumes an approximate 57 percent increase from June 1st through September 30th for each year of the biennium.

DP 5006 - State Grain Laboratory Base Adjustment - The legislature approved an increase in state special revenue authority to adjust expenditures in anticipation of increased workload in the 2003 biennium. This increase is funded entirely by the Grain Services Account.

DP 5007 - Wheat & Barley Base Adjustments - The legislature approved an increase in state special revenue authority for operating costs of the Montana Wheat and Barley Committee. The increases include overtime, committee member per diem, consulting services, server replacement, travel-related costs, rent, vehicle replacement, repair and maintenance, printing and postage, research, and market development. This increase is entirely funded by the Wheat and Barley Research and Marketing Account.

DP 5008 - Hail Insurance Program Base Adjustment - The legislature approved an increase in proprietary funds allowing the department to adjust for low expenditures resulting from the low workload experienced during the base year. The increase assumes average workloads during the upcoming biennium.

DP 5009 - Non-employee Per Diem Base Adjustment - The legislature approved an increase in state special revenue authority to fund per diem for non-state employee members of the Alfalfa Seed Committee and the Agriculture Development Council. This provides per diem funding based on full member participation in an anticipated number of meetings.

DP 5010 - Agriculture in Montana Schools - The legislature approved an adjustment to allow expenditure of tax check-off funds. The base year contained no expenditures.



Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	241.81	3.50	(181.31)	64.00	3.50	(180.31)	65.00	65.00
Personal Services	8,274,062	1,119,959	(6,846,983)	2,547,038	1,175,844	(6,859,349)	2,590,557	5,137,595
Operating Expenses	13,237,039	2,429,792	(11,885,555)	3,781,276	2,371,774	(11,883,623)	3,725,190	7,506,466
Equipment	215,069	385,167	(551,600)	48,636	41,030	(208,700)	47,399	96,035
Grants	26,823,294	37,279,420	24,983	64,127,697	40,258,803	58,459	67,140,556	131,268,253
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	239,272	916,354	(1,155,626)	0	916,353	(1,155,625)	0	0
<b>Total Costs</b>	<b>\$48,788,736</b>	<b>\$42,130,692</b>	<b>(\$20,414,781)</b>	<b>\$70,504,647</b>	<b>\$44,763,804</b>	<b>(\$20,048,838)</b>	<b>\$73,503,702</b>	<b>\$144,008,349</b>
General Fund	2,095,231	402,557	(741,800)	1,755,988	392,531	(745,721)	1,742,041	3,498,029
State/Other Special	12,273,510	1,918,035	(11,191,033)	3,000,512	1,916,862	(11,059,787)	3,130,585	6,131,097
Federal Special	27,677,052	38,071,095	0	65,748,147	40,954,024	0	68,631,076	134,379,223
Proprietary	6,742,943	1,739,005	(8,481,948)	0	1,500,387	(8,243,330)	0	0
<b>Total Funds</b>	<b>\$48,788,736</b>	<b>\$42,130,692</b>	<b>(\$20,414,781)</b>	<b>\$70,504,647</b>	<b>\$44,763,804</b>	<b>(\$20,048,838)</b>	<b>\$73,503,702</b>	<b>\$144,008,349</b>

### Agency Description

The Department of Commerce, provided for in Title 2, Section 15, Part 18, MCA, is responsible for working with economic and community development organizations, businesses, communities, governmental entities, elected officials, and the public to diversify and expand the state's economic base through business creation, expansion, and retention and improvement of infrastructure. The Department of Commerce and its programs generally relate to the major mission with which the department is charged: Economic and Community Development.

### Summary of Legislative Action

The legislature passed SB 445, which effected major changes within the Department of Commerce, including the transfer of eight functions to other agencies. SB 445 is discussed in detail in the Reorganization section of this chapter. The legislature increased Department of Commerce funding over the fiscal 2000 base by \$46.4 million (\$25.3 million over the 2001 biennium), including increased federal funds of \$79.0 million and decreases of 176.81 FTE, \$692,433 general fund, \$18.4 million state special revenue, and \$13.5 million proprietary authority. These adjustments included new proposals which:

1. implemented SB 445, discussed in the Reorganization section of this chapter; and
2. increased state special revenue authority by \$111,994 over the biennium to provide 1.0 FTE and additional grants dedicated to working issues relative to local coal impact mitigation.

The remaining adjustments are present law adjustments, including increased federal funds for continuation and full funding for the Housing Division's contract to administer Section 8 project- and tenant-based programs (1.50 FTE and \$61.2 million over the biennium), and increased general fund for Board of Research and Commercialization administrative costs (\$237,701 over the biennium). Additionally, the legislature added language to the boilerplate section of HB 2 that deleted FTE, but not funding, for all positions vacant for over 7 months, with exceptions. As a result of this language, the department lost 2.0 FTE. Funding for one of the reduced FTE (\$57,007 general fund over the biennium) was subsequently transferred to the Department of Revenue to fund increased auditor salaries.

### Reorganization

Senate Bill 445 established the Office of Economic Development within the Office of the Governor, and reorganized the Department of Commerce by transferring several programs and divisions to other agencies. Additionally, SB 445 reallocated a \$350,000 annual general fund statutory appropriation for the purpose of business recruitment from the Department of Commerce to the Governor's Office of Economic Development. The programs transferred from the Department of Commerce include the Weights and Measures Bureau, Montana State Lottery, Board of Horseracing, and the Banking and Financial Institutions, Professional and Occupational Licensing, Local Government Services, Building Codes, and Consumer Affairs Divisions. The reorganization and corresponding internal funding realignment resulted in

decreases within the department of 179.31 FTE and \$1.5 million general fund, \$22.3 million state special revenue, and \$17.8 million proprietary funding. Table 1 shows the funding changes by division for the reorganization.

Table 1  
Effects of SB 445 Implementation on the Department of Commerce

Division/Item	Fiscal 2002					Fiscal 2003				
	FTE	GF	SSR	Prop.	Total Funds	FTE	GF	SSR	Prop.	Total Funds
<b>Moved to Department of Administration</b>										
Banking and Financial Division	(28.75)	0	(1,571,163)	0	(\$1,571,163)	(28.75)	0	(1,579,449)	0	(\$1,579,449)
Local Government Services Division	(6.00)	(428,665)	0	0	(\$428,665)	(6.00)	(430,398)	0	0	(\$430,398)
Montana State Lottery	(31.50)	0	0	(8,918,948)	(\$8,918,948)	(31.50)	0	0	(8,904,330)	(\$8,904,330)
Consumer Affairs Division	(5.25)	(322,719)	(74,839)	0	(\$397,558)	(5.25)	(324,765)	(74,839)	0	(\$399,604)
<b>Moved to Department of Labor and Industry</b>										
Professional and Occupational Licensing	(35.03)	0	(5,386,679)	0	(\$5,386,679)	(35.03)	0	(5,319,198)	0	(\$5,319,198)
Weights and Measures Bureau	(11.00)	0	(696,139)	0	(\$696,139)	(11.00)	0	(697,997)	0	(\$697,997)
Building Codes Division	(58.00)	0	(3,242,188)	0	(\$3,242,188)	(58.00)	0	(3,229,509)	0	(\$3,229,509)
<b>Moved to Department of Livestock</b>										
Board of Horse Racing	(3.78)	0	(238,654)	0	(\$238,654)	(3.78)	0	(239,452)	0	(\$239,452)
<b>Remaining in Department of Commerce</b>										
Economic Development Division Travel/FTE Reduction Reallocation	0.00	14,453	0	0	\$14,453	0.00	14,454	0	0	\$14,454
Community Development Division Travel/Indirect Cost Reallocation	0.00	(5,062)	50,000	0	\$44,938	0.00	(5,062)	50,000	0	\$44,938
Director's Office/Management Svcs Dept Server Replacement Reallocation	0.00	(4,332)	(10,212)	(8,973)	(\$23,517)	0.00	0	0	0	\$0
Federal Building Rent Reallocation	0.00	0	0	0	\$0	0.00	0	(12,500)	0	(\$12,500)
Federal Building Move Reallocation	0.00	0	(10,000)	0	(\$10,000)	0.00	0	(2,000)	0	(\$2,000)
<b>Total Change Within Department</b>	<b>(179.31)</b>	<b>(746,325)</b>	<b>(11,179,874)</b>	<b>(8,927,921)</b>	<b>(20,854,120)</b>	<b>(179.31)</b>	<b>(745,771)</b>	<b>(11,104,944)</b>	<b>(8,904,330)</b>	<b>(20,755,045)</b>

### Other Legislation

**House Bill 57** - HB 57 directs the transfer of \$500,000 within the Housing Division from the Section 8 Administrative Fee Reserve Account into the Affordable Housing Revolving Loan Account established during the 1999 session. The department projects expenditures of approximately \$38,000 in fiscal 2002 and \$28,000 in fiscal 2003 to administer the account. However, no additional state special revenue appropriation was made to the department.

**House Bill 120** - HB 120 generally revises professional licensing laws. Among other changes, HB 120 adds two members to the Board of Real Estate Appraisers. Expenditures are projected to increase by \$1,482 each year of the biennium to accommodate per diem paid to the additional members.

**House Bill 273** - HB 273 transfers approximately \$3.4 million from the Temporary Assistance for Needy Families (TANF) block grant within the Department of Health and Human Services into the Affordable Housing Revolving Loan Account established during the 1999 session. The department projects expenditures of approximately \$38,000 in fiscal 2002 and \$28,000 in fiscal 2003 to administer the account. However, no additional state special revenue appropriation was made to the department.

House Bill 650 - HB 650 establishes a Financial Assistance Center within the department. The department projects the hiring of 1.0 FTE and general fund expenditure increases of \$94,250 over the biennium. However, no additional general fund authority was provided to the department to implement HB 650.

Senate Bill 74 - SB 74 regulates the termination, cancellation, nonrenewal, substantial alteration, and transfer of construction equipment dealerships, and provides for hearings held by the department in certain cases of dispute. The department projects potential general fund expenditure increases of \$9,000 over the biennium. The legislature did not provide additional general fund authority to the department for SB 74.

Senate Bill 263 - SB 263 continues the statutory transfer of \$400,000 of accommodations tax revenue into the Montana Historic Preservation and Development Account. SB 263 extends the sunset date of the transfer from June 30, 2001 to June 30, 2007.

Senate Bill 445 - SB 445 establishes the Office of Economic Development within the Office of the Governor, reorganizes the department, and transfers several department functions to other departments. SB 445 is discussed in greater detail in the Reorganization section above.

Senate Bill 493 - SB 493 provides for submission to the voters of Montana a constitutional amendment that would remove the restriction on investing public funds in private corporate capital stock. If the amendment is approved, the department projects that, although investments will grow more rapidly long-term, current investment income will be reduced in the short term as investments are transferred from fixed-income bonds to common stock. The projected state special revenue loss across state government in fiscal 2003 is projected to be \$189,195.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	241.81	245.81	64.00	(181.81)	246.81	65.00	(181.81)	
Personal Services	8,274,062	9,457,369	2,547,038	(6,910,331)	9,546,689	2,590,557	(6,956,132)	(13,866,463)
Operating Expenses	13,237,039	16,798,897	3,781,276	(13,017,621)	16,798,586	3,725,190	(13,073,396)	(26,091,017)
Equipment	215,069	623,753	48,636	(575,117)	256,099	47,399	(208,700)	(783,817)
Grants	26,823,294	70,127,697	64,127,697	(6,000,000)	73,140,556	67,140,556	(6,000,000)	(12,000,000)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	239,272	1,155,626	0	(1,155,626)	1,155,625	0	(1,155,625)	(2,311,251)
<b>Total Costs</b>	<b>\$48,788,736</b>	<b>\$98,163,342</b>	<b>\$70,504,647</b>	<b>(\$27,658,695)</b>	<b>\$100,897,555</b>	<b>\$73,503,702</b>	<b>(\$27,393,853)</b>	<b>(\$55,052,548)</b>
General Fund	2,095,231	2,696,867	1,755,988	(940,879)	2,652,902	1,742,041	(910,861)	(1,851,740)
State/Other Special	12,273,510	14,348,676	3,000,512	(11,348,164)	14,266,779	3,130,585	(11,136,194)	(22,484,358)
Federal Special	27,677,052	71,804,848	65,748,147	(6,056,701)	74,627,489	68,631,076	(5,996,413)	(12,053,114)
Proprietary	6,742,943	9,312,951	0	(9,312,951)	9,350,385	0	(9,350,385)	(18,663,336)
<b>Total Funds</b>	<b>\$48,788,736</b>	<b>\$98,163,342</b>	<b>\$70,504,647</b>	<b>(\$27,658,695)</b>	<b>\$100,897,555</b>	<b>\$73,503,702</b>	<b>(\$27,393,853)</b>	<b>(\$55,052,548)</b>

### Executive Budget Comparison

The legislative budget is \$55.1 million lower than the Executive Budget, with a general fund reduction of \$1.9 million over the biennium. The largest adjustment affecting the department is the implementation of SB 445, discussed in detail in the Reorganization section of this chapter. Other changes made to the Executive Budget by the legislature include the following. The legislature:

1. accepted the agency withdrawal of two new proposals within the Economic Development Division, for a general fund reduction of \$38,698 in fiscal 2002, and \$32,091 in fiscal 2003;
2. decreased federal special revenue authority by \$6.0 million in each year of the biennium to adjust for an anticipated reduction in Housing and Urban Development (HUD) funding for the Section 8 project-based program;
3. did not approve general fund increases for rent and moving costs related to moving several divisions into the federal building, for a reduction of approximately \$175,000 over the biennium;



4. approved a global amendment which reduced general fund by an amount equal to 1 percent of authorized FTE (\$26,550 over the biennium). No FTE were reduced;
5. approved a global amendment which reduced general fund by an amount equal to 12 percent of fiscal 2000 general fund travel expenditures (\$28,908 over the biennium). Portions of this reduction were transferred with the appropriate divisions to other agencies as part of SB 445 implementation; and
6. added language to the boiler plate section of HB 2 which deleted FTE, but not the funding, for all positions which had been vacant for over 7 months, with exceptions. As a result of this language, the department lost 2.0 FTE. Funding for one of the reduced FTE (\$57,007 general fund over the biennium) was subsequently transferred to the Department of Revenue to fund increased auditor salaries.

**Language**

The reduction in funding for items [Weights and Measures Bureau, Banking and Financial Institutions Division, Professional and Occupational Licensing Division, Local Government Services Division, Building Codes Division, Montana State Lottery, Board of Horseracing, Consumer Affairs Division] are contingent upon passage and approval of SB 445. If SB 445 is not passed and approved, the department is appropriated \$746,325 general fund, \$11,179,874 state special revenue, and \$8,927,921 proprietary authority in fiscal 2002 and \$745,771 general fund, \$11,104,944 state special revenue, and \$8,904,330 proprietary authority in fiscal 2003. The allocation among divisions and the realignment of language associated with the reallocation will be outlined in the Legislative Fiscal Division's 2003 Biennium Legislative Fiscal Report if SB 445 is not passed and approved. (Note - SB 445 was passed and approved.)

Item [Economic Development Division] includes a general fund reduction of \$13,252 in fiscal 2002 and \$13,298 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	11.00	0.00	(11.00)	0.00	0.00	(11.00)	0.00	0.00
Personal Services	428,916	(1,398)	(427,518)	0	1,297	(430,213)	0	0
Operating Expenses	201,865	3,756	(205,621)	0	2,919	(204,784)	0	0
Equipment	63,000	0	(63,000)	0	0	(63,000)	0	0
<b>Total Costs</b>	<b>\$693,781</b>	<b>\$2,358</b>	<b>(\$696,139)</b>	<b>\$0</b>	<b>\$4,216</b>	<b>(\$697,997)</b>	<b>\$0</b>	<b>\$0</b>
State/Other Special	693,781	2,358	(696,139)	0	4,216	(697,997)	0	0
<b>Total Funds</b>	<b>\$693,781</b>	<b>\$2,358</b>	<b>(\$696,139)</b>	<b>\$0</b>	<b>\$4,216</b>	<b>(\$697,997)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Weights and Measures Bureau is responsible for licensing, inspecting, testing, and certifying all weighing or measuring devices used in making commercial transactions in the State of Montana. The Bureau enforces laws and regulations pertaining to the quantity control of prepackaged goods and the quality control of petroleum products. The Bureau is also responsible for maintaining the state standards of mass and volume applied when calibrating other mass or volume standards used in testing commercial devices.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Weights and Measures Bureau in its entirety to the Department of Labor and Industry. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

### Funding

The Weights and Measures Division is funded entirely by state special revenues derived primarily from annual license fees levied against all commercial weighing or measuring devices, including scales or gas pumps certified by the bureau on an annual basis. Additional funding (approximately 2.5 percent) comes from special inspection fees derived from charges for certification at the bureau's standards lab as well as for other special requests.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					16,284					19,091
Vacancy Savings					(12,188)					(12,272)
Inflation/Deflation					254					248
Fixed Costs					1,935					827
Total Statewide Present Law Adjustments					\$6,285					\$7,894
DP 39 - W & M Administrative Costs										
	0.00	0	2,275	0	2,275	0.00	0	2,554	0	2,554
DP 696 - Data Network Fixed Cost Reduction										
	0.00	0	(27)	0	(27)	0.00	0	(27)	0	(27)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
	0.00	0	(555)	0	(555)	0.00	0	(557)	0	(557)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	0	(5,620)	0	(5,620)	0.00	0	(5,648)	0	(5,648)
Total Other Present Law Adjustments										
	0.00	\$0	(\$3,927)	\$0	(\$3,927)	0.00	\$0	(\$3,678)	\$0	(\$3,678)
Grand Total All Present Law Adjustments					\$2,358					\$4,216

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature.

"Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 39 - W & M Administrative Costs - The legislature approved an increase in state special revenue authority for administrative cost increases, including overtime and the division's share of department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Dept of Commerce Reorganization										
02	(11.00)	0	(696,139)	0	(696,139)	(11.00)	0	(697,997)	0	(697,997)
<b>Total</b>	<b>(11.00)</b>	<b>\$0</b>	<b>(\$696,139)</b>	<b>\$0</b>	<b>(\$696,139)</b>	<b>(11.00)</b>	<b>\$0</b>	<b>(\$697,997)</b>	<b>\$0</b>	<b>(\$697,997)</b>

### New Proposals

DP 445 - SB 445 - Dept of Commerce Reorganization - Under the provisions of SB 445, the Weights and Measures Bureau was moved in its entirety to the Department of Labor and Industry.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	28.75	0.00	(28.75)	0.00	0.00	(28.75)	0.00	0.00
Personal Services	880,902	234,788	(1,115,690)	0	240,191	(1,121,093)	0	0
Operating Expenses	355,933	99,540	(455,473)	0	102,423	(458,356)	0	0
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$1,236,835</b>	<b>\$334,328</b>	<b>(\$1,571,163)</b>	<b>\$0</b>	<b>\$342,614</b>	<b>(\$1,579,449)</b>	<b>\$0</b>	<b>\$0</b>
State/Other Special	1,236,835	334,328	(1,571,163)	0	342,614	(1,579,449)	0	0
<b>Total Funds</b>	<b>\$1,236,835</b>	<b>\$334,328</b>	<b>(\$1,571,163)</b>	<b>\$0</b>	<b>\$342,614</b>	<b>(\$1,579,449)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Banking and Financial Institutions Division is responsible for the supervision, regulation, and examination of:

1. state-chartered banks, trust companies, savings and loans, and credit unions;
2. consumer loan and sales finance companies;
3. escrow companies;
4. foreign capital depositories in accordance with Title 32, MCA; and
5. deferred deposit loan companies.

The purpose of the supervisory function is to investigate the methods of operation in order to determine whether these institutions are operating in a safe and sound manner. Supervision of regulated financial businesses is accomplished through on-site safety and soundness examinations conducted by division examiners.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Banking and Financial Institutions Division in its entirety to the Department of Administration. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

### Funding

The division is funded with state special revenues generated from:

1. bank assessments and application fees;
2. credit union supervisory and examination fees;
3. consumer loan examination fees;
4. consumer loan/sales finance licenses; and
5. foreign capital depository application, charter, charter renewal, and examination (audit) fees, if received.

Present Law Adjustments											
-----Fiscal 2002-----						-----Fiscal 2003-----					
	FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services					272,314						277,941
Vacancy Savings					(31,517)						(31,685)
Inflation/Deflation					1,151						1,765
Fixed Costs					15,504						14,443
Total Statewide Present Law Adjustments					\$257,452						\$262,464
DP 7 - Examiner Travel	0.00	0	46,292	0	46,292	0.00	0	46,292	0	46,292	
DP 11 - Lease Replacement Vehicles	0.00	0	1,224	0	1,224	0.00	0	3,994	0	3,994	
DP 40 - Banking Administrative Costs	0.00	0	44,058	0	44,058	0.00	0	44,618	0	44,618	
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(86)	0	(86)	0.00	0	(86)	0	(86)	
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(14,612)	0	(14,612)	0.00	0	(14,668)	0	(14,668)	
Total Other Present Law Adjustments											
	0.00	\$0	\$76,876	\$0	\$76,876	0.00	\$0	\$80,150	\$0	\$80,150	
Grand Total All Present Law Adjustments					\$334,328						\$342,614

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 7 - Examiner Travel** - The legislature approved an increase in state revenue authority to allow for the travel of examination staff. Examination staff typically travel 34-38 weeks per year to licensee locations. During the base year, vacancies resulted in travel expenditures falling below those that would have been expended had there been full staffing. This increase allows additional travel authority based on full staffing levels.

**DP 11 - Lease Replacement Vehicles** - The legislature approved funding to allow the department to replace the remaining two department-owned minivans at the Billings office with leased minivans. This adjustment includes corresponding decreases in gasoline, vehicle repair, and equipment expenditures.

**DP 40 - Banking Administrative Costs** - The legislature approved an increase in state special revenue authority to fund increases in overtime, board member per diem, computer lease costs, and the division's share of the department's indirect costs.

**DP 696 - Data Network Fixed Cost Reduction** - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
36	(28.75)	0	(1,571,163)	0	(1,571,163)	(28.75)	0	(1,579,449)	0	(1,579,449)
Total	(28.75)	\$0	(\$1,571,163)	\$0	(\$1,571,163)	(28.75)	\$0	(\$1,579,449)	\$0	(\$1,579,449)

**New Proposals**

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Banking and Financial Division was moved in its entirety to the Department of Administration.

**Language**

The department is appropriated in each of the fiscal years 2002 and 2003 up to \$500,000 of state special revenue that is deposited in the account established for the purpose of processing charter applications and for the chartering, examination, and regulation of each foreign capital depository that obtains a charter under the provisions of 32-8-205.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	32.53	2.50	(35.03)	0.00	2.50	(35.03)	0.00	0.00
Personal Services	1,020,151	266,862	(1,287,013)	0	275,199	(1,295,350)	0	0
Operating Expenses	3,616,538	473,080	(4,089,618)	0	397,262	(4,013,800)	0	0
Equipment	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Debt Service	7,548	2,500	(10,048)	0	2,500	(10,048)	0	0
<b>Total Costs</b>	<b>\$4,644,237</b>	<b>\$742,442</b>	<b>(\$5,386,679)</b>	<b>\$0</b>	<b>\$674,961</b>	<b>(\$5,319,198)</b>	<b>\$0</b>	<b>\$0</b>
State/Other Special	4,644,237	742,442	(5,386,679)	0	674,961	(5,319,198)	0	0
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$4,644,237</b>	<b>\$742,442</b>	<b>(\$5,386,679)</b>	<b>\$0</b>	<b>\$674,961</b>	<b>(\$5,319,198)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Professional and Occupational Licensing Division (POL) provides the administrative and clerical services needed by the 38 professional boards and occupational licensing programs authorized by state statutes. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings and hearings, and providing the legal staff and investigators who investigate legal infractions.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Professional and Occupational Licensing Division in its entirety to the Department of Labor and Industry. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

### Funding

The licensing boards in the Professional and Occupational Licensing Division (POL) are funded from state special revenues obtained from license fees set by each board. Fees are collected from activities that include providing license applications, examinations, license renewals, reciprocity, and continuing education. Administrative cost assessments also contribute to the funding of POL. POL administrative costs are funded through assessments (recharges) on all boards and are deposited in a proprietary fund. This internal charge provides funding for various administrative, clerical, and legal support services provided to the boards. These funds do not require an appropriation and therefore are not listed in the funding tables. (For further discussion of this account, please refer to the proprietary rates discussion at the end of this section.)

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				113,465						119,950
Vacancy Savings				(30,400)						(30,593)
Inflation/Deflation				1,548						3,489
Fixed Costs				882						1,463
<b>Total Statewide Present Law Adjustments</b>				<b>\$85,495</b>						<b>\$94,309</b>
DP 9 - Board Operating Expenses	0.00	0	634,628	0	634,628	0.00	0	567,209	0	567,209
DP 13 - Licensing FTE	2.50	0	67,607	0	67,607	2.50	0	58,793	0	58,793
DP 34 - POL Rent	0.00	0	(30,019)	0	(30,019)	0.00	0	(30,019)	0	(30,019)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(15,269)	0	(15,269)	0.00	0	(15,331)	0	(15,331)
<b>Total Other Present Law Adjustments</b>										
	2.50	\$0	\$656,947	\$0	\$656,947	2.50	\$0	\$580,652	\$0	\$580,652
<b>Grand Total All Present Law Adjustments</b>				<b>\$742,442</b>						<b>\$674,961</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 9 - Board Operating Expenses - The legislature approved an increase in state special revenue authority for operating expenses necessary to support various board activities. Increases include travel, overtime, per diem, postage, printing, supplies, and rent, as well as the contracted services of independent inspectors and expert witnesses. Adjustments are also made for department indirect costs. Negative adjustments are made for moving expenses incurred in the base year. This increase also includes \$70,000 of state special authority in each year of the biennium in order to reestablish the POL and Building Codes divisions' legal proceedings contingency fund. The legislature designated the legal contingency fund appropriation as restricted/one-time-only.

DP 13 - Licensing FTE - The legislature approved an increase in state special revenue authority for personal services and related operating expenses to add 2.5 FTE for administrative support of the boards of Architects, Dentistry, and Medical Examiners. Increases include 0.3 FTE for the Board of Architects for Architectural Licensing Program support, 0.7 FTE for the Board of Dentistry for Dentistry Licensing Program support, and 1.5 FTE for the Board of Medical Examiners.

DP 34 - POL Rent - The legislature approved an adjustment to consolidate rental payments within the division. This adjustment moves authority of \$30,019 per year from state special revenue funds to the POL Division Proprietary Fund, allowing the division to centralize rental charges for all boards and programs assigned.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Fiscal 2002						Fiscal 2003				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
39	(35.03)	0	(5,386,679)	0	(5,386,679)	(35.03)	0	(5,319,198)	0	(5,319,198)
<b>Total</b>	<b>(35.03)</b>	<b>\$0</b>	<b>(\$5,386,679)</b>	<b>\$0</b>	<b>(\$5,386,679)</b>	<b>(35.03)</b>	<b>\$0</b>	<b>(\$5,319,198)</b>	<b>\$0</b>	<b>(\$5,319,198)</b>

**New Proposals**

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Professional and Occupational Licensing Division was moved in its entirety to the Department of Labor and Industry.

**Proprietary Rates****Program Description**

The POL Administrative Services Bureau provides all the professional, technical, administrative, legal, and clerical services required by the professional licensing regulatory boards and programs authorized in this division.

The thirty-three boards and five programs attached to the Professional and Occupational Licensing Division include:

**Boards**

Alternative Health Care Board  
 Board of Architects  
 Board of Athletics  
 Board of Barbers  
 Board of Chiropractors  
 Board of Clinical Laboratory Science Practitioners  
 Board of Cosmetologists  
 Board of Dentistry  
 Board of Funeral Service  
 Board of Hearing Aid Dispensers  
 Board of Landscape Architects  
 Board of Medical Examiners  
 Board of Nursing  
 Board of Nursing Home Administrators  
 Board of Occupational Therapy Practice  
 Board of Optometry  
 Board of Outfitters  
 Board of Pharmacy  
 Board of Physical Therapy Examiners  
 Board of Plumbers  
 Board of Private Security Patrol Officers and Investigators  
 Board of Professional Engineers & Professional Land Surveyors  
 Board of Psychologists  
 Board of Public Accountants  
 Board of Radiologic Technologists  
 Board of Real Estate Appraisers  
 Board of Realty Regulation  
 Board of Respiratory Care Practitioners  
 Board of Sanitarians  
 Board of Social Work Examiners and Professional Counselors



Board of Speech-Language Pathologists and Audiologists  
Board of Veterinary Medicine  
State Electrical Board

**Programs**

Boiler Operators/Engineers  
Crane/Hoisting Operators  
Chemical Dependency Counselors  
Fire Prevention and Permitting  
Construction Blasters

**Revenues and Expenses**

The stated revenue objective of the POL Administrative Services Account is to assess the common costs of operations to the special revenue accounts on an equitable basis, while attempting to maintain a reasonable working capital reserve.

**Rate Explanation**

Recharge rates are allocated to the state special revenue accounts based upon requested appropriations, less any program-direct personal services amounts. Each program is assigned a percentage rate based on adjusted appropriations in comparison to the total appropriation for all accounts. That percentage rate is then applied to the required proprietary revenue needed to determine each account's share of the funding.

The legislature approved recharge rates of 38 percent in each year of the biennium, an approximate 2.3 percent increase over the 2001 biennium. At the approved rates, the department projects a fiscal 2003 ending fund balance of \$325,312, a 62-day working capital reserve.

**Significant Present Law**

DP 28 - POL Rent - This adjustment consolidates rental charges from various boards/programs attached to the division into the division's proprietary account, and is accompanied by a corresponding adjustment in the legislative budget for the POL boards.

DP 38 - High Speed Printer - The division will add a second printer to their single Oracle database operation, at a fiscal 2000 cost of \$5,500.

DP 42 - POL Administrative Costs - This adjustment is for increases in indirect costs and covers equipment replacement allocation costs incurred by the Director's Office/Management Services Division. This adjustment also includes a reduction for one-time moving expenditures incurred in fiscal 2000.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	2.00	0.00	(1.00)	1.00	0.00	(1.00)	1.00	1.00
Personal Services	0	70,301	(28,455)	41,846	70,546	(28,552)	41,994	83,840
Operating Expenses	1,204	76,590	0	77,794	77,271	0	78,475	156,269
Equipment	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$1,204</b>	<b>\$146,891</b>	<b>(\$28,455)</b>	<b>\$119,640</b>	<b>\$147,817</b>	<b>(\$28,552)</b>	<b>\$120,469</b>	<b>\$240,109</b>
General Fund	1,204	146,891	(28,455)	119,640	147,817	(28,552)	120,469	240,109
<b>Total Funds</b>	<b>\$1,204</b>	<b>\$146,891</b>	<b>(\$28,455)</b>	<b>\$119,640</b>	<b>\$147,817</b>	<b>(\$28,552)</b>	<b>\$120,469</b>	<b>\$240,109</b>

### Program Description

The Board of Research and Commercialization Technology was established by the 1999 Montana Legislature to provide a predictable and stable source of funding for research and commercialization projects; to expand and strengthen research efforts, allowing the state's basic industries to increase their economic impact on the state's economy; and to expand research efforts into areas beyond the scope of the state's basic industries in order to diversify and strengthen the state's economic security through the creation of technology-based operations and long-term, good quality jobs.

The Board has the authority to make grants or loans from the Research and Commercialization Expendable Trust Fund established in 90-3-1002, MCA. These grants or loans can be made to research and commercialization centers if the projects:

1. have the potential to diversify or add value to a traditional basic industry of the state's economy;
2. show promise for enhancing the technology-based sectors or the commercial development of discoveries;
3. employ or take advantage of existing research and commercialization strengths;
4. have a realistic and achievable project design;
5. employ an innovative technology;
6. are located in the state;
7. have a qualified research team;
8. have scientific merit based on peer review; and
9. include research opportunities for students.

### Funding

The Board of Research and Commercialization administrative functions are funded entirely with general fund.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					73,229					73,485
Vacancy Savings					(1,984)					(1,992)
Fixed Costs					5,223					4,828
<b>Total Statewide Present Law Adjustments</b>					<b>\$76,468</b>					<b>\$76,321</b>
DP 1 - Board of Research & Commercialization Admin Costs										
	0.00	71,399	0	0	71,399	0.00	72,475	0	0	72,475
DP 696 - Data Network Fixed Cost Reduction										
	0.00	(32)	0	0	(32)	0.00	(32)	0	0	(32)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(944)	0	0	(944)	0.00	(947)	0	0	(947)
<b>Total Other Present Law Adjustments</b>										
	0.00	\$70,423	\$0	\$0	\$70,423	0.00	\$71,496	\$0	\$0	\$71,496
<b>Grand Total All Present Law Adjustments</b>					<b>\$146,891</b>					<b>\$147,817</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Board of Research & Commercialization Admin Costs - The legislature initially approved funding of Board of Research and Commercialization administrative costs at the same level as was appropriated by the May 2000 Special Session. A subsequent reduction was made to fund additional auditors in the Department of Revenue (DP 685).

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 685 - General Fund Transfer to Department of Revenue										
50	0.00	(28,455)	0	0	(28,455)	0.00	(28,552)	0	0	(28,552)
DP 689 - FTE Reduction										
50	(1.00)	0	0	0	0	(1.00)	0	0	0	0
<b>Total</b>	<b>(1.00)</b>	<b>(\$28,455)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$28,455)</b>	<b>(1.00)</b>	<b>(\$28,552)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$28,552)</b>

### New Proposals

DP 685 - General Fund Transfer to Department of Revenue - The legislature approved a reduction in general fund for FTE reduced in boilerplate language (FTE reduction in DP 689). The general fund was transferred to the Department of Revenue to fund additional auditors.

DP 689 - FTE Reduction - The legislature reduced FTE for positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	26.00	0.00	0.00	26.00	0.00	0.00	26.00	26.00
Personal Services	1,025,833	72,396	(13,252)	1,084,977	77,905	(13,298)	1,090,440	2,175,417
Operating Expenses	1,278,071	50,314	(1)	1,328,384	44,975	0	1,323,046	2,651,430
Equipment	0	0	0	0	0	0	0	0
Grants	2,214,579	875,760	0	3,090,339	875,760	0	3,090,339	6,180,678
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$4,518,483</b>	<b>\$998,470</b>	<b>(\$13,253)</b>	<b>\$5,503,700</b>	<b>\$998,640</b>	<b>(\$13,298)</b>	<b>\$5,503,825</b>	<b>\$11,007,525</b>
General Fund	1,090,864	109,017	(13,253)	1,186,628	108,802	(13,298)	1,186,368	2,372,996
State/Other Special	236,521	10,823	0	247,344	10,818	0	247,339	494,683
Federal Special	3,191,098	878,630	0	4,069,728	879,020	0	4,070,118	8,139,846
<b>Total Funds</b>	<b>\$4,518,483</b>	<b>\$998,470</b>	<b>(\$13,253)</b>	<b>\$5,503,700</b>	<b>\$998,640</b>	<b>(\$13,298)</b>	<b>\$5,503,825</b>	<b>\$11,007,525</b>

### Program Description

The Economic Development Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. The division strives to enhance the economic base of Montana by creating, expanding, and retaining business, as well as by providing technical and financial assistance and forming relationships with local development groups, chambers, and similar organizations.

### Funding

The Economic Development Division is funded by a combination of 22 percent general fund, 4 percent state special revenue funds, and 74 percent federal funds. The Census and Economic Information Center (CEIC), Regional Development, and Business Location functions are fully funded by the general fund. Community Development Block Grants are primarily funded with federal funds, but the general fund matches a portion of the costs for administering the grants. The interest earned from development loans to Microbusiness Development Corporations (MBDC) provides funding for the administrative expenses of the microbusiness loan program. Trade and International Relations activities are funded with general fund and state special revenues from conference fees and trade shows. Small Business Development Centers are primarily funded with federal funds and state special revenues from private industry partnering. General fund provides a portion of the match for administrative costs.

The trade program receives additional funding from Travel Montana's allocation of the Lodging Facility Use Tax, which amounts to approximately \$200,000 annually. Since Lodging Facility Use Tax revenues are statutorily appropriated, this amount does not require legislative appropriation in HB 2 and as a result, does not appear in the funding tables. The trade program also receives funding from the Growth Through Agriculture Program in the Department of Agriculture. The Agriculture Development Council determines the amount of grant funds to be transferred to the division, which has typically been \$90,000 per year for this purpose.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				109,096					114,836
Vacancy Savings				(31,180)					(31,353)
Inflation/Deflation				610					1,433
Fixed Costs				29,654					22,940
<b>Total Statewide Present Law Adjustments</b>				<b>\$108,180</b>					<b>\$107,856</b>
DP 43 - Economic Development Administrative Costs									
0.00	18,059	12,138	6,013	36,210	0.00	18,232	12,138	6,415	36,785
DP 512 - CDBG Federal Grants									
0.00	0	0	875,760	875,760	0.00	0	0	875,760	875,760
DP 696 - Data Network Fixed Cost Reduction									
0.00	(386)	0	0	(386)	0.00	(386)	0	0	(386)
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	(4,659)	(600)	(1,712)	(6,971)	0.00	(4,675)	(602)	(1,717)	(6,994)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(12,175)	(716)	(1,432)	(14,323)	0.00	(12,224)	(719)	(1,438)	(14,381)
<b>Total Other Present Law Adjustments</b>									
0.00	\$839	\$10,822	\$878,629	\$890,290	0.00	\$947	\$10,817	\$879,020	\$890,784
<b>Grand Total All Present Law Adjustments</b>				<b>\$998,470</b>					<b>\$998,640</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 43 - Economic Development Administrative Costs - The legislature approved an increase in general fund and state and federal special revenue authority for administrative cost increases, including overtime, board member per diem, and department indirect costs. Included is an increase for contracted services related to conducting at least two Revolving Loan Fund training sessions for the Microbusiness Finance Program and local MBDC staff on the subjects of loan portfolio management and credit analysis, per a recommendation from the Legislative Audit Division.

DP 512 - CDBG Federal Grants - The legislature approved an increase in federal special revenue authority for Community Development Block Grant funding. Base year expenditures were less than the amount of available funding, which is \$2.5 million each year. The increase will allow the department to fully utilize the available funding during the 2003 biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 446 - Cost Reallocation										
51	0.00	14,453	0	0	14,453	0.00	14,454	0	0	14,454
DP 691 - Personal Services General Fund Reduction										
51	0.00	(13,252)	0	0	(13,252)	0.00	(13,298)	0	0	(13,298)
DP 693 - Statewide Travel Reduction										
51	0.00	(14,454)	0	0	(14,454)	0.00	(14,454)	0	0	(14,454)
<b>Total</b>	<b>0.00</b>	<b>(\$13,253)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,253)</b>	<b>0.00</b>	<b>(\$13,298)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,298)</b>

### New Proposals

**DP 446 - Cost Reallocation** - The legislature approved the reallocation among other divisions of the general fund reduction in DP 693, which was originally applied to this division. This adjustment was made in conjunction with other adjustments to department funding to implement the provisions of SB 445.

**DP 691 - Personal Services General Fund Reduction** - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced. The entire reduction was made to this division, with the allowance that the department could reallocate this reduction among divisions when developing 2003 biennium operating plans.

**DP 693 - Statewide Travel Reduction** - The legislature made a reduction in general fund each year equivalent to 12 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the department could reallocate this reduction among divisions when developing 2003 biennium operating plans. The department subsequently reallocated the reduction when implementing changes due to SB 445 (DP 446).

### Language

Item [Economic Development Division] includes a general fund reduction of \$13,252 in fiscal 2002 and \$13,298 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	567,913	197,236	0	765,149	182,087	0	750,000	1,515,149
<b>Total Costs</b>	<b>\$567,913</b>	<b>\$197,236</b>	<b>\$0</b>	<b>\$765,149</b>	<b>\$182,087</b>	<b>\$0</b>	<b>\$750,000</b>	<b>\$1,515,149</b>
State/Other Special	567,913	197,236	0	765,149	182,087	0	750,000	1,515,149
<b>Total Funds</b>	<b>\$567,913</b>	<b>\$197,236</b>	<b>\$0</b>	<b>\$765,149</b>	<b>\$182,087</b>	<b>\$0</b>	<b>\$750,000</b>	<b>\$1,515,149</b>

### Program Description

The Travel Montana Division promotes:

1. increased visitor travel and expenditures;
2. motion pictures and commercial filming in the state through consumer advertising, publicity, and international and domestic group travel marketing;
3. printing and distribution of literature; and
4. marketing to motion picture and television production companies.

The division is funded primarily by the statutorily-appropriated Lodging Facility Use Tax and uses this funding to provide training and assistance to the Montana tourism industry, to administer and distribute infrastructure grants, and to oversee expenditures of six regional non-profit corporations and the nine specific cities where Lodging Facility Use Tax collections exceed \$140,000.

### Funding

The division is primarily funded by state special revenues derived from 67.5 percent of Lodging Facility Use Tax receipts remaining after statutory deductions. Statutory deductions include a \$400,000 transfer each year into the Montana Historic Preservation and Development Account and transfers to refund state accounts for Lodging Facility Use Taxes paid by state employees on official business, and Department of Revenue costs.

The remainder of the tax not allocated to the Department of Commerce goes to the Montana State Historical Society, the University of Montana for allocation to the Institute of Tourism and Recreation Research, and to the Department of Fish, Wildlife, and Parks. The Montana Promotion Division distributes 22.5 percent of the Lodging Facility Use Tax revenue to regional nonprofit tourism corporations and to certain cities. The remainder is spent by the division for tourism promotion and for promotion of the state as a location for motion pictures and television commercials. The funds distributed to the Department of Commerce are statutorily appropriated by 15-65-121, MCA, rather than in HB 2. Table 1 provides an illustration of the accommodation tax distribution.

Table 1  
Lodging Facility Use Tax Distribution  
Fiscal 1998 - Fiscal 2003

	Distribution Basis	Fiscal 1998	Fiscal 1999	Fiscal 2000	Estimated Fiscal 2001	Estimated Fiscal 2002	Estimated Fiscal 2003
Gross Facility Use Tax Receipts		\$10,008,143	\$10,420,017	\$11,038,724	\$11,621,000	\$12,144,000	\$12,692,000
Department of Revenue	Reimburse State Travel	\$104,799	\$208,334	\$114,525	\$115,000	\$115,000	\$115,000
Department of Revenue	Cover collection costs	103,235	104,267	139,366	140,000	140,000	140,000
MT Heritage Preservation & Development	Fixed	400,000	400,000	400,000	400,000	400,000	400,000
Net Facility Use Tax for Distribution		\$9,400,109	\$9,707,416	\$10,384,833	\$10,966,000	\$11,489,000	\$12,037,000
Historical Society	1% of net	\$94,001	\$97,074	\$103,848	\$109,660	\$114,890	\$120,370
Higher Education	2.5% of net	235,003	242,685	259,621	274,150	287,225	300,925
Fish, Wildlife, & Parks	6.5% of net	611,007	630,982	675,014	712,790	746,785	782,405
Department of Commerce							
For Department Use	67.5% of net	\$6,345,073	\$6,552,506	7,009,762	7,402,050	7,755,075	8,124,975
For Distribution to Regions and Cities	22.5% of net	2,115,024	2,184,169	2,336,587	2,467,350	2,585,025	2,708,325

In addition to the Lodging Facility Use Tax, the division is partially funded by state special revenues received from the sale of advertising material, private contributions, and income from conferences and other state agencies. These funds are not statutorily appropriated, and are appropriated by the legislature in HB 2.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Fixed Costs					970					(14,179)
Total Statewide Present Law Adjustments					\$970					(\$14,179)
DP 521 - Cooperative Promotion	0.00	0	196,266	0	196,266	0.00	0	196,266	0	196,266
Total Other Present Law Adjustments										
	0.00	\$0	\$196,266	\$0	\$196,266	0.00	\$0	\$196,266	\$0	\$196,266
Grand Total All Present Law Adjustments					\$197,236					\$182,087

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 521 - Cooperative Promotion - The legislature approved an increase in state special revenue authority to support private sector cooperative promotional campaigns, partially funded by private contributions.

**Language**

It is the intent of the legislature that the department use Lodging Facility Use Taxes to fund \$515,961 in fiscal 2002 and \$511,677 in fiscal 2003 for the Montana Historical Society. This would be expended as follows:

	2002	2003
Lewis and Clark Bicentennial	\$116,477	\$111,124
Scriber Curator	28,484	25,553
Scriber Rent Storage	96,000	100,000
Lewis and Clark Bicentennial Commission	200,000	200,000
Historical Interpretation	75,000	75,000



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	13.50	0.00	0.00	13.50	0.00	1.00	14.50	14.50
Personal Services	542,993	14,110	0	557,103	17,246	28,552	588,791	1,145,894
Operating Expenses	504,652	132,085	44,938	681,675	126,350	44,938	675,940	1,357,615
Equipment	6,309	0	0	6,309	0	0	6,309	12,618
Grants	7,415,242	1,915,544	24,983	9,355,769	1,915,544	58,459	9,389,245	18,745,014
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$8,469,196</b>	<b>\$2,061,739</b>	<b>\$69,921</b>	<b>\$10,600,856</b>	<b>\$2,059,140</b>	<b>\$131,949</b>	<b>\$10,660,285</b>	<b>\$21,261,141</b>
General Fund	359,188	81,205	(5,062)	435,331	81,078	(5,062)	435,204	870,535
State/Other Special	1,803,777	107,558	74,983	1,986,318	104,620	137,011	2,045,408	4,031,726
Federal Special	6,306,231	1,872,976	0	8,179,207	1,873,442	0	8,179,673	16,358,880
<b>Total Funds</b>	<b>\$8,469,196</b>	<b>\$2,061,739</b>	<b>\$69,921</b>	<b>\$10,600,856</b>	<b>\$2,059,140</b>	<b>\$131,949</b>	<b>\$10,660,285</b>	<b>\$21,261,141</b>

### Program Description

The Community Development Division works with federal, state, and local governments and the private sector in all areas of community development, including public facilities planning and financing, community planning and growth management, subdivision regulation and zoning, housing development for low- and moderate-income families, neighborhood revitalization, needs assessment, coal and hard rock mining mitigation, and project management. There are three major programs within the division: the Community Technical Assistance Program (CTAP), the Community Development Block Grant (CDBG) Program, and the Treasure State Endowment Program (TSEP). The Montana Coal Board and the Montana Hard Rock Mining Impact Board and their respective programs are attached to the division for administrative purposes.

### Funding

- The Hard Rock Mining Board is funded by a 2.5 percent allocation of the Metalliferous Mines License Tax
- The Community Development Block Grant (CDBG) program is primarily funded with federal block grant funds. The general fund provides a HUD-mandated match for a portion of the administrative costs of the program
- The Treasure State Endowment Program (TSEP) is funded by interest earnings from the permanent Coal Tax Trust
- The Community Technical Assistance Program (CTAP) is funded through the general fund and also receives a portion of Coal Severance Tax collections allocated for county land planning
- The Coal Board and CTAP (County Land Planning function) compete with three other programs (Montana Growth Through Agriculture, State Library Commission, and Conservation Districts) for a share of 8.36 percent of Coal Severance Tax collections

Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				34,442						37,820
Vacancy Savings				(15,836)						(15,938)
Inflation/Deflation				1,264						2,166
Fixed Costs				2,962						(2,428)
Total Statewide Present Law Adjustments				\$22,832						\$21,620
DP 61 - Community Development Administrative Costs										
0.00	14,922	120,318	0	135,240		0.00	13,871	120,139	0	134,010
DP 602 - CDBG Federal Grants										
0.00	0	0	1,915,544	1,915,544		0.00	0	0	1,915,544	1,915,544
DP 696 - Data Network Fixed Cost Reduction										
0.00	(27)	(59)	(54)	(140)		0.00	(27)	(59)	(54)	(140)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
0.00	(1,631)	(1,670)	(1,176)	(4,477)		0.00	(1,637)	(1,677)	(1,180)	(4,494)
DP 699 - Vacancy Savings at 4 Percent										
0.00	(4,011)	(2,962)	(287)	(7,260)		0.00	(4,030)	(3,081)	(289)	(7,400)
Total Other Present Law Adjustments										
0.00	\$9,253	\$115,627	\$1,914,027	\$2,038,907		0.00	\$8,177	\$115,322	\$1,914,021	\$2,037,520
Grand Total All Present Law Adjustments				\$2,061,739						\$2,059,140

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 61 - Community Development Administrative Costs - The legislature approved an increase in general fund and state special revenue authority, including authority for expenditures from the Hard Rock Mining Impact Account Reserve, to provide for administrative cost increases, overtime, board member per diem, and department indirect costs. The legislature designated the Hard Rock Mining Impact Account Reserve authority of \$100,000 in each year of the biennium as restricted.

DP 602 - CDBG Federal Grants - The legislature approved an increase in federal special revenue authority allowing the division to meet the projected expense of federal CDBG funds during the 2003 biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 4 - Coal Board Grants and FTE										
60	0.00	0	24,983	0	24,983	1.00	0	87,011	0	87,011
DP 446 - Cost Reallocation										
60	0.00	(5,062)	50,000	0	44,938	0.00	(5,062)	50,000	0	44,938
<b>Total</b>	<b>0.00</b>	<b>(\$5,062)</b>	<b>\$74,983</b>	<b>\$0</b>	<b>\$69,921</b>	<b>1.00</b>	<b>(\$5,062)</b>	<b>\$137,011</b>	<b>\$0</b>	<b>\$131,949</b>

### New Proposals

DP 4 - Coal Board Grants and FTE - The legislature approved an increase in state special revenue authority to fund an additional 1.0 FTE in fiscal 2003, and additional grants in each year of the biennium. The additional FTE will be dedicated to working with issues relative to local coal impact mitigation. Grant funds would be set aside for projects dealing with the impacts resulting from the decline in coal production and would allow local projects to enhance existing coal utilization practices.

DP 446 - Cost Reallocation - The legislature approved reallocation of a general fund reduction originally applied entirely to the Economic Development Division. Additionally, the legislature approved an increase in state special revenue within this division, to allow the department to accommodate increased charges for the department's internal service fund.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	6.00	0.00	(6.00)	0.00	0.00	(6.00)	0.00	0.00
Personal Services	249,113	10,264	(259,377)	0	12,157	(261,270)	0	0
Operating Expenses	151,616	17,672	(169,288)	0	17,512	(169,128)	0	0
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$400,729</b>	<b>\$27,936</b>	<b>(\$428,665)</b>	<b>\$0</b>	<b>\$29,669</b>	<b>(\$430,398)</b>	<b>\$0</b>	<b>\$0</b>
General Fund	400,729	27,936	(428,665)	0	29,669	(430,398)	0	0
<b>Total Funds</b>	<b>\$400,729</b>	<b>\$27,936</b>	<b>(\$428,665)</b>	<b>\$0</b>	<b>\$29,669</b>	<b>(\$430,398)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Local Government Services Division consists primarily of two programs:

- The Local Government Accounting Systems Program provides technical assistance and training to local government accounting and financial personnel in the areas of local government finance, accounting, budgeting and financial reporting through on-site visits, telephone assistance, and local government training seminars. Program staff also serve as a liaison between local governments and various state agencies
- The Local Government Audit Review Program is responsible for defining, reviewing, and enforcing auditing requirements for Montana's local governments. Program staff review all of the jurisdictions' annual financial reports and certify compliance of local governments with the state Single Audit Act

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Local Government Services Division in its entirety to the Department of Administration. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

### Funding

- The systems portion of the division is funded entirely by the general fund
- The Audit Review Program and the Defalcation Audit Program are funded from proprietary funds, and are not listed in the funding tables

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					21,071					23,044
Vacancy Savings					(7,468)					(7,528)
Inflation/Deflation					(110)					(95)
Fixed Costs					(3,276)					(4,224)
Total Statewide Present Law Adjustments					\$10,217					\$11,197
DP 29 - Federal Building Rent										
	0.00	5,167	0	0	5,167	0.00	5,817	0	0	5,817
DP 46 - LGS Administrative Costs										
	0.00	15,945	0	0	15,945	0.00	16,068	0	0	16,068
DP 696 - Data Network Fixed Cost Reduction										
	0.00	(54)	0	0	(54)	0.00	(54)	0	0	(54)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(3,339)	0	0	(3,339)	0.00	(3,359)	0	0	(3,359)
Total Other Present Law Adjustments										
	0.00	\$17,719	\$0	\$0	\$17,719	0.00	\$18,472	\$0	\$0	\$18,472
Grand Total All Present Law Adjustments					\$27,936					\$29,669

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 29 - Federal Building Rent** - The legislature approved an increase in general fund to accommodate increased rent costs resulting from the division's move into the Federal Building.

**DP 46 - LGS Administrative Costs** - The legislature approved an increase in general fund for administrative cost increases, including travel-related costs and department indirect costs.

**DP 696 - Data Network Fixed Cost Reduction** - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
62	(6.00)	(428,665)	0	0	(428,665)	(6.00)	(430,398)	0	0	(430,398)
Total	(6.00)	(\$428,665)	\$0	\$0	(\$428,665)	(6.00)	(\$430,398)	\$0	\$0	(\$430,398)

### New Proposals

**DP 445 - SB 445 - Department of Commerce Reorganization** - Under the provisions of SB 445, the Local Government Services Division was moved in its entirety to the Department of Administration.

## Proprietary Rates

### Program Description

The Local Government Assistance Administration Program provides the Community Development Division with professional administration and legal services. The program supervises the Community Development Division, including the Montana Coal Board, Community Development Block Grant Program, Community Technical Assistance Program, Hard Rock Mining Impact Board, and the Treasure State Endowment Program.

The Local Government Assistance Administration Program is funded from a proprietary fund that receives revenue from recharges paid by the Hard Rock Mining Impact and Coal boards, and the Community Development division.

### Revenues and Expenses

The actual operating costs of this administrative unit are charged to each of the supervised divisions and programs based upon the amount of time dedicated to the program. Recharges are billed on the basis of reported time on the pay period time sheets. Generally, the Local Government Assistance Administration Program does not budget for administrative costs beyond those directly associated with personal services in combination with a minimal part of the operating costs. These costs, primarily incurred by either the administrator or the legal counsel, are billed directly to the program activity supported.

### Rate Explanation

The Local Government Assistance Administration Program rate is calculated by dividing the program's total cost by supported programs' requested budgets. The calculated rate is the lowest possible rate. The 60-day working capital calculation was not considered in the determination of rates.

There have been no changes in the services provided to supported divisions and programs. Recharges to supported boards and programs fund the 2.5 administrative FTE. The legislature approved recharge rates of 1.70 percent in each year of the biennium, a 0.37 percent increase over the 2001 biennium.

### Significant Present Law

DP 48 - LGA Administrative Costs - This adjustment funds increased operating expenses within the division, including indirect costs and the division's share of department server replacement.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	58.00	0.00	(58.00)	0.00	0.00	(58.00)	0.00	0.00
Personal Services	1,979,444	196,165	(2,175,609)	0	208,424	(2,187,868)	0	0
Operating Expenses	772,984	166,595	(939,579)	0	140,657	(913,641)	0	0
Equipment	81,882	45,118	(127,000)	0	46,118	(128,000)	0	0
<b>Total Costs</b>	<b>\$2,834,310</b>	<b>\$407,878</b>	<b>(\$3,242,188)</b>	<b>\$0</b>	<b>\$395,199</b>	<b>(\$3,229,509)</b>	<b>\$0</b>	<b>\$0</b>
State/Other Special	2,834,310	407,878	(3,242,188)	0	395,199	(3,229,509)	0	0
<b>Total Funds</b>	<b>\$2,834,310</b>	<b>\$407,878</b>	<b>(\$3,242,188)</b>	<b>\$0</b>	<b>\$395,199</b>	<b>(\$3,229,509)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Building Codes Division establishes and enforces minimum building codes, including accessibility, plumbing, mechanical, electrical, energy, elevator, and boiler codes. When possible, the division approves and certifies local government code enforcement programs to utilize codes adopted by the division. The division also assists the Board of Plumbers and the State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Building Codes Division in its entirety to the Department of Labor and Industry. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

### Funding

The Building Codes Division is funded entirely from inspection fees deposited in the state special revenue fund.

Present Law Adjustments											
-----Fiscal 2002-----						-----Fiscal 2003-----					
	FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services					286,816						299,585
Vacancy Savings					(61,722)						(62,105)
Inflation/Deflation					(300)						(252)
Fixed Costs					(20,247)						(25,255)
Total Statewide Present Law Adjustments					\$204,547						\$211,973
DP 5 - Vehicle Replacements	0.00	0	45,118	0	45,118	0.00	0	46,118	0	0	46,118
DP 10 - Inspector Travel	0.00	0	41,000	0	41,000	0.00	0	41,000	0	0	41,000
DP 25 - Computer Replacements	0.00	0	25,548	0	25,548	0.00	0	0	0	0	0
DP 31 - Building Codes Education	0.00	0	19,000	0	19,000	0.00	0	19,000	0	0	19,000
DP 49 - Building Codes Administrative Costs	0.00	0	101,808	0	101,808	0.00	0	106,378	0	0	106,378
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(214)	0	(214)	0.00	0	(214)	0	0	(214)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(28,929)	0	(28,929)	0.00	0	(29,056)	0	0	(29,056)
Total Other Present Law Adjustments											
	0.00	\$0	\$203,331	\$0	\$203,331	0.00	\$0	\$183,226	\$0	\$0	\$183,226
Grand Total All Present Law Adjustments					\$407,878						\$395,199

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 5 - Vehicle Replacements - The legislature approved an increase in state special revenue authority of \$91,236 over the biennium for vehicle replacement within the Building Codes Division. This increase allows the department to replace six pickups and three sedans in fiscal 2002, and eight pickups and one sedan in fiscal 2003. The legislature designated this appropriation as one-time-only, and inserted language requiring the department to report to the 2003 legislature on options for a fleet management plan to effect consistent costs for vehicle replacement in subsequent biennia.

DP 10 - Inspector Travel - The legislature approved an increase in state special revenue authority of \$82,000 over the biennium for travel-related costs for Building Codes Division inspection staff. The increase funds inspector travel assuming full staffing levels.

DP 25 - Computer Replacements - The legislature approved an increase in state special revenue authority of \$25,548 in fiscal 2002, allowing the department to replace 15 personal computers.

DP 31 - Building Codes Education - The legislature approved an increase in state special revenue authority of \$38,000 over the biennium for costs related to providing building codes education and training as mandated in 50-60-116, MCA.

DP 49 - Building Codes Administrative Costs - The legislature approved an increase in state special revenue authority of \$208,186 over the biennium to fund increased rental charges resulting from the move to the Federal Building, and for the division's share of agency indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by

the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets, and decreases state special revenue authority by \$428 over the biennium.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment decreased state special revenue authority by \$57,985 over the biennium.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
65	(58.00)	0	(3,242,188)	0	(3,242,188)	(58.00)	0	(3,229,509)	0	(3,229,509)
<b>Total</b>	<b>(58.00)</b>	<b>\$0</b>	<b>(\$3,242,188)</b>	<b>\$0</b>	<b>(\$3,242,188)</b>	<b>(58.00)</b>	<b>\$0</b>	<b>(\$3,229,509)</b>	<b>\$0</b>	<b>(\$3,229,509)</b>

### New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Building Codes Division was moved in its entirety to the Department of Labor and Industry.

### Language

The department shall report to the 2003 legislature on options for a fleet management plan to stabilize vehicle replacement costs within the Building Codes Division.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	23.00	1.50	(1.00)	23.50	1.50	(1.00)	23.50	23.50
Personal Services	599,574	263,538	0	863,112	269,758	0	869,332	1,732,444
Operating Expenses	369,468	527,671	0	897,139	379,385	0	748,853	1,645,992
Equipment	17,201	3,605	0	20,806	23,889	0	41,090	61,896
Grants	17,193,473	34,488,116	0	51,681,589	37,467,499	0	54,660,972	106,342,561
<b>Total Costs</b>	<b>\$18,179,716</b>	<b>\$35,282,930</b>	<b>\$0</b>	<b>\$53,462,646</b>	<b>\$38,140,531</b>	<b>\$0</b>	<b>\$56,320,247</b>	<b>\$109,782,893</b>
Federal Special	18,179,723	35,282,923	0	53,462,646	38,140,524	0	56,320,247	109,782,893
Proprietary	(7)	7	0	0	7	0	0	0
<b>Total Funds</b>	<b>\$18,179,716</b>	<b>\$35,282,930</b>	<b>\$0</b>	<b>\$53,462,646</b>	<b>\$38,140,531</b>	<b>\$0</b>	<b>\$56,320,247</b>	<b>\$109,782,893</b>

### Program Description

The Housing Division, established on July 1, 1995, consolidates housing programs within the Department of Commerce into one division. The Division includes the Home Investment Partnerships Program (HOME), the Section 8 Tenant-based and Project-based Housing programs, and the Board of Housing and its programs.

- The HOME Program provides grant funds to eligible local governments and Community Housing Development Organizations, allowing them to provide assistance in financing new construction or rehabilitation of individual homes or rental units, tenant-based rental assistance, and other eligible activities
- The Section 8 Housing Program provides rental assistance through Housing and Urban Development (HUD) Section 8 authority, on behalf of low-income families and the elderly
- The Board of Housing is a 7-member, quasi-judicial board appointed by the Governor, and which is administratively attached to the Department of Commerce. The board administers the Low-Income Housing Tax Credit, Multi-Family Loan, Reverse Annuity Mortgage, and Single Family programs

### Funding

The HOME and Section 8 Housing portions of the Housing Division are funded entirely with federal funds. The Board of Housing portion of the Housing Division is funded by proprietary (enterprise type) funds derived from an administrative charge applied to mortgages financed. The proprietary funds are not appropriated in HB 2, and therefore are not listed in the funding tables.

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				254,820						261,154
Vacancy Savings				(23,189)						(23,379)
Inflation/Deflation				1,501						2,353
Fixed Costs				20,955						9,067
<b>Total Statewide Present Law Adjustments</b>				<b>\$254,087</b>						<b>\$249,195</b>
DP 2 - Section 8 Project-Based Program										
0.00	0	0	26,642,492	26,642,492	0.00	0	0	27,645,585	27,645,585	
DP 3 - Section 8 Tenant-Based Program										
1.50	0	0	2,886,823	2,886,823	1.50	0	0	4,033,011	4,033,011	
DP 19 - Section 8 Computer Replacements										
0.00	0	0	8,000	8,000	0.00	0	0	8,000	8,000	
DP 51 - Section 8 Administrative Costs										
0.00	0	0	5,503,050	5,503,050	0.00	0	0	6,216,324	6,216,324	
DP 696 - Data Network Fixed Cost Reduction										
0.00	0	0	(322)	(322)	0.00	0	0	(322)	(322)	
DP 699 - Vacancy Savings at 4 Percent										
0.00	0	0	(11,200)	(11,200)	0.00	0	0	(11,262)	(11,262)	
<b>Total Other Present Law Adjustments</b>										
1.50	\$0	\$0	\$35,028,843	\$35,028,843	1.50	\$0	\$0	\$37,891,336	\$37,891,336	
<b>Grand Total All Present Law Adjustments</b>				<b>\$35,282,930</b>						<b>\$38,140,531</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Section 8 Project-Based Program - The legislature approved an increase in federal special revenue authority to accommodate the division's contract with HUD to administer the Section 8 Project-Based Program.

DP 3 - Section 8 Tenant-Based Program - The legislature approved an increase in federal special revenue authority and 1.5 FTE to accommodate the division's contract with HUD to administer the Section 8 Tenant-Based Program.

DP 19 - Section 8 Computer Replacements - The legislature approved an increase in federal special revenue allowing the department to replace four personal computers each year of the biennium, per the division's four-year replacement plan.

DP 51 - Section 8 Administrative Costs - The legislature approved an increase in federal special revenue authority for projected increases in Section 8 funding/costs during the 2003 biennium. This increase includes contracted services, grant increases, and department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction										
74	(1.00)	0	0	0	0	(1.00)	0	0	0	0
<b>Total</b>	<b>(1.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(1.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**New Proposals**

DP 689 - FTE Reduction - The legislature reduced FTE for positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.50	(0.50)	0.00	0.00	(0.50)	0.00	0.00	0.00
Personal Services	13,078	(13,078)	0	0	(13,078)	0	0	0
Operating Expenses	19,901	(19,901)	0	0	(19,901)	0	0	0
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$32,979</b>	<b>(\$32,979)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$32,979)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State/Other Special	32,979	(32,979)	0	0	(32,979)	0	0	0
<b>Total Funds</b>	<b>\$32,979</b>	<b>(\$32,979)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$32,979)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Board of Investments staff manages the Unified Investment Program for public funds, established under Article VIII, Section 13 of the Montana Constitution. Six investment pools and several individual portfolios are managed. The six investment pools include the Retirement Funds Bond, Trust Funds Bond, Short Term Investment, Montana Stock, Montana International Equity, and Montana Real Estate pools. Annual audited financial statements are prepared for each investment pool. Investments that are not managed in pools are included in an "all other funds" financial statement. The In-state Investment Program consists of Montana residential mortgages and commercial loans. The Board also issues bonds and lends the proceeds to eligible government agencies for a variety of purposes.

### Funding

The Board of Investments is funded with both enterprise and internal service-type proprietary funds, and no direct appropriations are provided in HB 2. For the 2003 biennium, the only adjustment made by the legislature is the removal of base-year expenditures related to the Montana Science and Technology Alliance. Further information on Board of Investments funding is contained in the proprietary rates discussion at the end of this section.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				12,826					12,911
Vacancy Savings				(671)					(673)
Inflation/Deflation				(3)					(3)
Fixed Costs				(3,231)					(3,231)
<b>Total Statewide Present Law Adjustments</b>				<b>\$8,921</b>					<b>\$9,004</b>
DP 751 - Eliminate Funding Related to MT Science and Technology Alliance									
(0.50)	0	(41,900)	0	(41,900)	(0.50)	0	(41,983)	0	(41,983)
<b>Total Other Present Law Adjustments</b>									
(0.50)	\$0	(\$41,900)	\$0	(\$41,900)	(0.50)	\$0	(\$41,983)	\$0	(\$41,983)
<b>Grand Total All Present Law Adjustments</b>				<b>(\$32,979)</b>					<b>(\$32,979)</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 751 - Eliminate Funding Related to MT Science and Technology Alliance - The legislature approved an adjustment to eliminate 0.5 FTE and state special revenue authority related to the Montana Science and Technology Alliance from base

year expenditures. The Montana Science and Technology Alliance will be administered by the Board of Investments during subsequent biennia.

### **Proprietary Rates**

#### **Revenues and Expenses**

The revenue objective of the Investment Program is to assess the costs of operations to each portfolio while maintaining a 60-day working capital reserve.

Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rates charged on loans made to borrowers. Since revenues are received from the trustee on an annual basis, a 270-day fund balance for the Enterprise Fund is required in order to provide adequate funding for the Bond Program between draws. Remaining revenues are received monthly from the Board's contract with the Montana Health Facility Authority.

The Board of Investments does not receive any direct appropriations. Internal service funding is generated entirely from charges to each portfolio invested by the board, and finances the Investment Program. Enterprise funding revenue is generated from the difference between interest earned from loans to borrowers and interest paid to bond holders, in addition to the monthly contract revenues received from the Montana Health Facility Authority. Non-budgeted revenues are used to finance statutorily-appropriated debt-service expenditures.

#### **Rate Explanation**

The Board of Investments assesses its costs to the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures similar to what occurs in HB 2. This methodology is continued during the 2003 biennium to provide a comparison with historical financial activity.

There has been no significant change in the services provided by the Board of Investments from those provided in the last biennium, although the investment portfolio continues to grow. There are 29.0 FTE in the program.

For the Board of Investments, the legislature defined "rates" as the total collections necessary to operate the board. The legislature approved "rates" of \$2,860,200 in fiscal 2002, and \$2,805,200 in fiscal 2003.

#### **Significant Present Law**

DP 53 - BOI Administrative Costs - This adjustment funds increased operating expenses within the Board of Investments, including personal services costs for a broad-band pay plan, overtime, per diem, agency indirect costs, and the board's share of departmental purchases of computer hardware and servers.

#### **New Proposals**

DP 15 - BOI Modified FTE - This adjustment makes 3.0 modified FTE permanent. In fiscal 2000, the Board added 3.0 modified FTE positions: two grade 16 securities analysts, and one grade 11 administrative support position. This adjustment makes these positions permanent.

DP 16 - BOI Accounting Support - This adjustment adds a 1.0 FTE grade 13 accountant position. Duties performed will include managing the outstanding Montana Science and Technology portfolio, which was transferred to the Board of Investments in the 1999 biennium as a result of the passage of HB 578.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	31.50	0.00	(31.50)	0.00	0.00	(31.50)	0.00	0.00
Personal Services	1,263,022	(67,139)	(1,195,883)	0	(60,256)	(1,202,766)	0	0
Operating Expenses	5,201,527	577,360	(5,778,887)	0	675,760	(5,877,287)	0	0
Equipment	46,677	314,923	(361,600)	0	(28,977)	(17,700)	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	231,724	913,854	(1,145,578)	0	913,853	(1,145,577)	0	0
<b>Total Costs</b>	<b>\$6,742,950</b>	<b>\$1,738,998</b>	<b>(\$8,481,948)</b>	<b>\$0</b>	<b>\$1,500,380</b>	<b>(\$8,243,330)</b>	<b>\$0</b>	<b>\$0</b>
Proprietary	6,742,950	1,738,998	(8,481,948)	0	1,500,380	(8,243,330)	0	0
<b>Total Funds</b>	<b>\$6,742,950</b>	<b>\$1,738,998</b>	<b>(\$8,481,948)</b>	<b>\$0</b>	<b>\$1,500,380</b>	<b>(\$8,243,330)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Montana State Lottery Program designs and markets lottery games that allow players to purchase chances to win a prize. The lottery presently offers a variety of games, some in cooperation with other lotteries through the Multi-state Lottery Association (MUSL). Montana Cash is exclusive to Montana. A five-member State Lottery Commission, appointed by the Governor, sets policy and oversees program activities and procedures. The remaining net revenue, after sales commissions and operating expenses, is deposited in the general fund on a quarterly basis.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Montana State Lottery in its entirety to the Department of Administration. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

### Funding

The Montana State Lottery is funded from an enterprise fund with revenue derived primarily from the sale of lottery tickets. The lottery also assesses a one-time \$50 fee to applicants for lottery retailer licenses. This fee is established in state statute. The fees charged are established by the State Lottery Commission as authorized by Title 23, Chapter 7, Part 202 (5), MCA. The commission has set the price of each on-line game ticket at \$1.00. Scratch ticket games cost either \$1.00 or \$2.00, depending upon the specific game. Lottery revenues provide funding for 31.5 FTE. A 60-day working capital balance is used to maintain operations because receivables are collected on a 7- to 30-day basis. Winners may be paid daily and the on-line gaming vendors must be paid weekly. The fund equity balance only includes contributed capital.

The Fifty-sixth Legislature passed SB 55, which changed the requirement to submit a budget and establish appropriations for certain proprietary funds that transfer excess revenues to the general fund. The Montana State Lottery Proprietary Fund falls under that requirement, and their budget is appropriated in HB 2.



Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				(18,716)					(11,546)	
Vacancy Savings				(33,825)					(34,040)	
Inflation/Deflation				217					396	
Fixed Costs				69,432					(32,955)	
<b>Total Statewide Present Law Adjustments</b>				<b>\$17,108</b>					<b>(\$78,145)</b>	
DP 24 - On-Line Terminals	0.00	0	0	0	345,000*	0.00	0	0	0	0
DP 35 - Building Lease	0.00	0	0	0	7,800*	0.00	0	0	0	23,400*
DP 36 - Computer Replacements	0.00	0	0	0	13,600*	0.00	0	0	0	13,600*
DP 54 - Administrative Costs	0.00	0	0	0	1,371,749*	0.00	0	0	0	1,557,856*
DP 696 - Data Network Fixed Cost Reduction	0.00	0	0	0	(311)*	0.00	0	0	0	(311)*
DP 699 - Vacancy Savings at 4 Percent	0.00	0	0	0	(15,948)*	0.00	0	0	0	(16,020)*
<b>Total Other Present Law Adjustments</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,578,525*</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,721,890*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,500,380*</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 24 - On-Line Terminals - The legislature approved an increase in proprietary authority allowing the Lottery to purchase additional on-line gaming system terminals, to be installed in locations currently selling tickets via a dedicated circuit only, and also in locations currently selling scratch games only. The legislature designated this appropriation as one-time-only and inserted language requiring the Lottery to report to the 2003 legislature on the status and results related to the purchase and placement of the additional on-line terminals.

DP 35 - Building Lease - The legislature approved additional proprietary authority to accommodate anticipated increases in the division's current lease contract at 2525 N. Montana Avenue.

DP 36 - Computer Replacements - The legislature approved an increase in proprietary authority to fund the replacement of eight personal computers in each year of the biennium, per the division's four-year replacement schedule.

DP 54 - Administrative Costs - The legislature approved an increase in proprietary authority to fund increased operating expenses within the Montana State Lottery. Increases and the approximate values include:

1. carry-over of per diem - \$1,350 each year;
2. contract services for Lottery Vendor Fees - \$480,000 in fiscal 2002 and \$660,000 in fiscal 2003;
3. reestablishment of principal payments and reduction of interest payments from base year, for a net increase of \$900,000 per year (fiscal 2000 expenditures total \$900,000, but did not carry over into base expenditures);
4. indirect costs - \$7,000 in fiscal 2002 and \$8,000 in fiscal 2003; and
5. a reduction in equipment funding from the base year - \$28,000 each year.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by

the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 10 - Scratch Games Enhancements										
77	0.00	0	0	0	337,000*	0.00	0	0	0	561,000*
DP 12 - On-Line Enhancements										
77	0.00	0	0	0	100,000*	0.00	0	0	0	100,000*
DP 445 - SB 445 - Department of Commerce Reorganization										
77	(31.50)	0	0	0	(8,918,948)*	(31.50)	0	0	0	(8,904,330)*
<b>Total</b>	<b>(31.50)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,481,948)</b>	<b>(31.50)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,243,330)</b>

### New Proposals

DP 10 - Scratch Games Enhancements - The legislature approved an increase in proprietary authority to fund an increase in the number of scratch games offered to players. This increase supports ticket production and the purchase of ticket dispensers designed to display and secure the new tickets.

DP 12 - On-Line Enhancements - The legislature approved an increase in proprietary authority to fund increased operating costs relative to the addition of at least one new on-line game per each year of the biennium. The games would be offered in addition to existing on-line games.

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Montana State Lottery was moved in its entirety to the Department of Administration.

### Language

The department shall report to the 2003 legislature on the status and results related to the purchase and placement of additional on-line terminals funded in item [Online Terminals].

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	3.78	0.00	(3.78)	0.00	0.00	(3.78)	0.00	0.00
Personal Services	105,333	34,335	(139,668)	0	35,353	(140,686)	0	0
Operating Expenses	93,117	5,869	(98,986)	0	5,649	(98,766)	0	0
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$198,450</b>	<b>\$40,204</b>	<b>(\$238,654)</b>	<b>\$0</b>	<b>\$41,002</b>	<b>(\$239,452)</b>	<b>\$0</b>	<b>\$0</b>
State/Other Special	198,450	40,204	(238,654)	0	41,002	(239,452)	0	0
<b>Total Funds</b>	<b>\$198,450</b>	<b>\$40,204</b>	<b>(\$238,654)</b>	<b>\$0</b>	<b>\$41,002</b>	<b>(\$239,452)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Board of Horse Racing Program is responsible for:

1. regulating the live and simulcast horse racing industry;
2. ensuring the compliance of approximately 3,500 licensees with state laws and board rules;
3. licensing all racing personnel, establishing race dates for various communities, and establishing veterinary practices and standards in connection with horse racing meets; and
4. the auditing, supervision, and investigations related to the pari-mutuel racing system in Montana.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Board of Horseracing in its entirety to the Department of Livestock. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

### Funding

The Board of Horse Racing is funded with state special revenues derived from a 1 percent tax on gross betting receipts from pari-mutuel betting. For simulcast facilities, the tax is the greater of 1 percent of gross betting receipts or the actual cost to the board for regulating the meet.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					38,366					39,427
Vacancy Savings					(3,886)					(3,918)
Inflation/Deflation					(153)					(153)
Fixed Costs					2,558					2,235
Total Statewide Present Law Adjustments					\$36,885					\$37,591
DP 55 - Board of Horse Racing Administrative Costs										
	0.00	0	5,849	0	5,849	0.00	0	5,954	0	5,954
DP 696 - Data Network Fixed Cost Reduction										
	0.00	0	(27)	0	(27)	0.00	0	(27)	0	(27)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
	0.00	0	(641)	0	(641)	0.00	0	(643)	0	(643)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	0	(1,862)	0	(1,862)	0.00	0	(1,873)	0	(1,873)
Total Other Present Law Adjustments										
	0.00	\$0	\$3,319	\$0	\$3,319	0.00	\$0	\$3,411	\$0	\$3,411
Grand Total All Present Law Adjustments					\$40,204					\$41,002

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature.



"Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 55 - Board of Horse Racing Administrative Costs - The legislature approved an increase in state special revenue authority for administrative cost increases, including overtime, per diem, and department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
78	(3.78)	0	(238,654)	0	(238,654)	(3.78)	0	(239,452)	0	(239,452)
<b>Total</b>	<b>(3.78)</b>	<b>\$0</b>	<b>(\$238,654)</b>	<b>\$0</b>	<b>(\$238,654)</b>	<b>(3.78)</b>	<b>\$0</b>	<b>(\$239,452)</b>	<b>\$0</b>	<b>(\$239,452)</b>

### New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the Provisions of SB 445, the Board of Horse Racing was moved in its entirety to the Department of Livestock.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	5.25	0.00	(5.25)	0.00	0.00	(5.25)	0.00	0.00
Personal Services	165,703	38,815	(204,518)	0	41,102	(206,805)	0	0
Operating Expenses	102,250	90,790	(193,040)	0	90,549	(192,799)	0	0
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$267,953</b>	<b>\$129,605</b>	<b>(\$397,558)</b>	<b>\$0</b>	<b>\$131,651</b>	<b>(\$399,604)</b>	<b>\$0</b>	<b>\$0</b>
General Fund	243,246	23,119	(266,365)	0	25,165	(268,411)	0	0
State/Other Special	24,707	106,486	(131,193)	0	106,486	(131,193)	0	0
<b>Total Funds</b>	<b>\$267,953</b>	<b>\$129,605</b>	<b>(\$397,558)</b>	<b>\$0</b>	<b>\$131,651</b>	<b>(\$399,604)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Consumer Affairs Office advocates on the behalf of Montana consumers in matters of unfair or deceptive acts in the conduct of any business. The office investigates consumer complaints and provides an informal mediation process for consumer complaints against businesses. The office enforces Montana consumer protection laws and regulations relating to telemarketing, personal solicitation of sales, the New Motor Vehicle Warranty, Consumer Protection, and Unfair Trade Practices acts.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Consumer Affairs Office in its entirety to the Department of Administration. The information on budget base and all decision packages approved by the legislature is provided for historical purposes.

### Funding

The Consumer Affairs Office is funded from the general fund and state special revenue funds derived from court settlements received as a result of litigation of consumer law violations. This revenue fluctuates depending upon the number and size of settlements. Such settlements are generally restricted by the courts to the promotion of greater consumer awareness.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					47,336					49,719
Vacancy Savings					(5,860)					(5,932)
Inflation/Deflation					73					185
Fixed Costs					8,465					7,892
Total Statewide Present Law Adjustments					\$50,014					\$51,864
DP 56 - Consumer Affairs Administrative Costs										
	0.00	23,018	3,715	0	26,733	0.00	23,255	3,715	0	26,970
DP 696 - Data Network Fixed Cost Reduction										
	0.00	(96)	0	0	(96)	0.00	(96)	0	0	(96)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
	0.00	(1,506)	(161)	0	(1,667)	0.00	(1,511)	(161)	0	(1,672)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(2,661)	0	0	(2,661)	0.00	(2,685)	0	0	(2,685)
DP 791 - Consumer Settlements										
	0.00	0	57,282	0	57,282	0.00	0	57,270	0	57,270
Total Other Present Law Adjustments										
	0.00	\$18,755	\$60,836	\$0	\$79,591	0.00	\$18,963	\$60,824	\$0	\$79,787
Grand Total All Present Law Adjustments					\$129,605					\$131,651

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 56 - Consumer Affairs Administrative Costs - The legislature approved an increase in general fund revenue authority in order to meet anticipated administrative cost increases. These increases and their approximate amounts include:

1. update consumer reference law library/Lexis Legal Database access - \$2,015 per year;
2. projected increase in administrative hearings - \$8,000 per year;
3. projected communications/TV advertising increase - \$4,000 per year;
4. travel increases resulting from increased education and legal work - \$6,000 per year;
5. increased education and training costs for investigative and legal staff - \$1,500 per year; and
6. the division's share of indirect costs - \$6,000 per year.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 791 - Consumer Settlements - The legislature approved an increase in state special revenue authority in order to accommodate expenditures resulting from the anticipated receipt of up to \$75,000 in class action settlements during each year of the biennium. Past uses of these receipts include advertising and public service announcements.



New Proposals										
Fiscal 2002						Fiscal 2003				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 11 - Telemarketing Funding Shift										
79	0.00	25,000	(25,000)	0	0	0.00	25,000	(25,000)	0	0
DP 13 - Lemon Law Funding Shift										
79	0.00	31,354	(31,354)	0	0	0.00	31,354	(31,354)	0	0
DP 445 - SB 445 - Department of Commerce Reorganization										
79	(5.25)	(322,719)	(74,839)	0	(397,558)	(5.25)	(324,765)	(74,839)	0	(399,604)
<b>Total</b>	<b>(5.25)</b>	<b>(\$266,365)</b>	<b>(\$131,193)</b>	<b>\$0</b>	<b>(\$397,558)</b>	<b>(5.25)</b>	<b>(\$268,411)</b>	<b>(\$131,193)</b>	<b>\$0</b>	<b>(\$399,604)</b>

### New Proposals

DP 11 - Telemarketing Funding Shift - The legislature approved an increase in general fund to replace \$25,000 in state special revenue funding in anticipation of the inability to collect in full civil fines levied against telemarketers. The legislature designated this appropriation as restricted/one-time-only, and included language directing the department to seek and use state special revenue from consumer affairs legal settlements to offset and minimize the use of general fund.

DP 13 - Lemon Law Funding Shift - The legislature approved a fund shift increasing general fund and reducing state special revenue by \$31,354 in each year of the biennium, due to the loss of the Lemon Law program's state special revenue funding source. The legislature designated this appropriation as restricted/one-time-only, and included language directing the department to seek and use state special revenue from consumer affairs legal settlements to offset and minimize the use of general fund.

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Consumer Affairs Division was transferred in its entirety to the Department of Administration.

### Language

The department is appropriated up to \$56,354 in state special revenue authority in each year of the biennium for operations within the Telemarketing and Lemon Law programs and shall seek and use state special revenue received from consumer affairs' settlements as authorized by a district court order to offset and minimize use of the general fund within the Telemarketing and Lemon Law programs, as provided in 17-2-108.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	31,135	0	31,135	148,876	0	148,876	180,011
Equipment	0	21,521	0	21,521	0	0	0	21,521
<b>Total Costs</b>	<b>\$0</b>	<b>\$52,656</b>	<b>\$0</b>	<b>\$52,656</b>	<b>\$148,876</b>	<b>\$0</b>	<b>\$148,876</b>	<b>\$201,532</b>
General Fund	0	14,389	0	14,389	0	0	0	14,389
State/Other Special	0	1,701	0	1,701	87,838	0	87,838	89,539
Federal Special	0	36,566	0	36,566	61,038	0	61,038	97,604
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$0</b>	<b>\$52,656</b>	<b>\$0</b>	<b>\$52,656</b>	<b>\$148,876</b>	<b>\$0</b>	<b>\$148,876</b>	<b>\$201,532</b>

### Program Description

The Director's Office/Management Services Division consists of two programs:

- The Director's Office assists the department with executive, administrative, legal, and policy guidance. The office acts as a liaison, working with private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office in the effort to improve and stabilize the economic climate in Montana.
- The Management Services Division provides internal support to all agency programs, including accounting and fiscal, budgeting and information systems, contracting and purchasing, human resource administration, payroll, and training services.

### Program Narrative

SB 445 transferred several functions within the department to other agencies. As part of the transfer, the Director's Office/Management Services Division transferred 8.5 FTE to the other agencies. Prior to SB 445, 24.5 FTE were funded. Currently, 16.0 FTE are funded within the rates approved for the Director's Office/Management Services Division.

### Funding

The Director's Office/Management Services Division is funded by an internal service-type proprietary fund derived from indirect costs charged to all agency programs. In the 2003 biennium, division funding also includes general fund and state and federal special revenue as the result of department server and related hardware replacement, and the move of several divisions into the Federal Building.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 14 - Federal Building Rent									
0.00	0	0	0	0	0.00	0	57,838	55,038	112,876
DP 16 - Federal Building Move									
0.00	0	0	18,000	18,000	0.00	0	30,000	6,000	36,000
DP 99 - Department Server/Hardware Replacement									
0.00	14,389	1,701	18,566	34,656	0.00	0	0	0	0
Total Other Present Law Adjustments									
0.00	\$14,389	\$1,701	\$36,566	\$52,656	0.00	\$0	\$87,838	\$61,038	\$148,876
Grand Total All Present Law Adjustments				\$52,656					\$148,876

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 14 - Federal Building Rent - The legislature approved an increase in state and federal special revenue to accommodate anticipated rent increases related to moving specific divisions of the department into the Federal Building.

DP 16 - Federal Building Move - The legislature approved an increase in state and federal special revenue to accommodate moving specific divisions of the department into the Federal Building. The legislature designated this appropriation as one-time-only.

DP 99 - Department Server/Hardware Replacement - The legislature approved an increase in general fund and state and federal special revenue authority for purchase of a replacement server and related computer hardware for the department. The legislature designated this appropriation as one-time-only.

## **Proprietary Rates**

### **Rate Explanation**

The Director's Office/Management Services Division is funded by an internal service fund with revenues from charges allocated to programs supported by the indirect cost plan. Indirect costs are allocated to supported programs based upon federally- and legislatively-approved indirect cost rates applied against the actual personal service expenditures of the supported programs.

The revenue objective of division management is to maintain the lowest possible indirect cost charge to supported divisions, bureaus, and programs while maintaining a nominal working capital reserve. The department has historically used the same methodology in calculating indirect rates because federal requirements mandate that those calculations be used to charge federally-funded programs for indirect costs.

There have been no significant changes in the services provided to supported programs or appreciable changes to fees from the last biennium. In the 2003 biennium, 16.0 FTE are funded through indirect charges.

The legislature approved indirect charge rates of 15.5 percent in each year of the biennium, an increase of 5.65 percent over the 2001 biennium. Indirect costs are charged to divisions, bureaus, and programs on a monthly basis. Since indirect cost collections lag by at least one month, the division maintains a working capital reserve adequate to pay operating costs.

### **Significant Present Law**

DP 57 - Administrative Costs - This adjustment funds increased operating expenses within the Director's Office/Management Services Division, including a carry-over of overtime expenditures from the base year, and provides for an increase in contracted services used to address the Human Resources section's work backlog.

DP 15 - Federal Building Rent - Most of the divisions and programs involved in the move to the Federal Building will see significant increases in rental expenditures - particularly programs currently in state-owned space. For the department's non HB 2-funded programs, this represents an estimated increase of \$112,650 in fiscal 2002 and \$114,150 in fiscal 2003.

DP 17 - Federal Building Move - This adjustment funds an increase to meet operating expenses related to moving specific divisions into the Federal Building. Moving, wiring, and signage costs are estimated at \$36,000 in fiscal 2002 for HB 576 programs.

### **New Proposals**

DP 9 - Daily Support/Web Programmer FTE - This adjustment funds an additional 2.0 FTE. The positions include a grade 15 programmer analyst and a grade 11 personnel/daily support position. The programmer analyst's duties will include maintaining, updating, and enhancing the department's web site. Addition of the personnel/daily support position



accommodates the additional payroll and accounting processing workload in the Human Resources and Accounting/Fiscal units.



# CORRECTIONS AND PUBLIC SAFETY

## Section D

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### JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS AND SENATE FINANCE COMMITTEES

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#### -----Agencies-----

Board of Crime Control  
Justice  
Public Service Regulation

Corrections  
Labor and Industry  
Military Affairs

#### -----Committee Members-----

##### House

Representative Stan Fisher (Chair)  
Representative Tim Callahan  
Representative Jeff Pattison

##### Senate

Senator Arnie Mohl (Vice-Chair)  
Senator Chris Christiaens  
Senator Debbie Shea  
Senator Tom Zook

#### -----Fiscal Division Staff-----

Lorene Thorson  
Todd Younkin





Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	21.00	2.00	(5.00)	18.00	2.00	(5.00)	18.00	18.00
Personal Services	814,971	80,345	(167,661)	727,655	85,814	(168,299)	732,486	1,460,141
Operating Expenses	455,474	77,606	5,910	538,990	75,875	7,910	539,259	1,078,249
Equipment	7,014	486	0	7,500	6,486	0	13,500	21,000
Grants	8,671,100	1,277,055	841,670	10,789,825	1,277,055	692,000	10,640,155	21,429,980
Benefits & Claims	807,017	(2,619)	(804,398)	0	(717)	(806,300)	0	0
<b>Total Costs</b>	<b>\$10,755,576</b>	<b>\$1,432,873</b>	<b>(\$124,479)</b>	<b>\$12,063,970</b>	<b>\$1,444,513</b>	<b>(\$274,689)</b>	<b>\$11,925,400</b>	<b>\$23,989,370</b>
General Fund	2,511,110	41,853	(759,149)	1,793,814	55,410	(759,689)	1,806,831	3,600,645
Federal Special	8,244,466	1,391,020	634,670	10,270,156	1,389,103	485,000	10,118,569	20,388,725
<b>Total Funds</b>	<b>\$10,755,576</b>	<b>\$1,432,873</b>	<b>(\$124,479)</b>	<b>\$12,063,970</b>	<b>\$1,444,513</b>	<b>(\$274,689)</b>	<b>\$11,925,400</b>	<b>\$23,989,370</b>

### Agency Description

The Montana Board of Crime Control (MBCC) Division was established to promote public safety by strengthening the coordination and performance of the criminal and juvenile justice systems. The Crime Control Division operates under the general supervision of the Montana Board of Crime Control. The Crime Control Division provides financial support, technical assistance, and supportive services to state and local criminal justice agencies. The Crime Control Division administers federal anti-drug and anti-crime grants, certifies peace officers and others in the criminal justice system, provides funding for juvenile justice programs, and provides assistance and compensation to victims of crime. In addition, the division collects and analyzes crime data from Montana law enforcement agencies and publishes the annual "Crime in Montana" report. The division is established in law by Section 2-15-2006, MCA.

### Summary of Legislative Action

Legislative action results in a decrease from the fiscal 2000 base budget of 3.0 FTE and an increase of approximately \$2.5 million in total funds (including a decrease of \$1.4 million general fund). The decrease is due to SB 254, which transfers the duties and responsibilities (including 5.0 FTE) for administration of the Crime Victims Compensation Act of Montana from the Division of Crime Control to the newly created Office of Victims Services in the Department of Justice. The transfer included 5.0 FTE, \$1.5 million general fund, and \$450,000 in federal funds. If SB 254 is not considered, the legislature added 2.0 FTE over the fiscal 2000 base budget and increased total funds by approximately \$4.4 million, primarily due to increased grants.

### Other Legislation

Senate Bill 254 - SB 254 transfers the duties and responsibilities for administration of the Crime Victims Compensation Act of Montana from the Division of Crime Control to the newly created Office of Victims Services in the Department of Justice (this includes 5.0 FTE). Even though the transfer of this program and FTE reduces the number of FTE at Board of Crime Control to below 20.0, the legislature did not approve restoring vacancy savings.

House Bill 637 - HB 637 provides for an Office of Restorative Justice in the Department of Justice to promote the use of restorative justice and to provide technical assistance and grants for restorative justice programs. The legislature appropriated up to \$200,000 in state special revenue for providing grants to communities for restorative justice programs. A state special revenue account, known as the restorative justice account, will account for money received from: 1) legislative allocations; 2) transfers of money from state or local agencies for the purposes of the Office of Restorative Justice; and 3) gifts, donations, grants, legacies, bequests, or devises made for the purposes of the Office of Restorative Justice.

## Agency Budget Comparison

Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	21.00	24.00	18.00	(6.00)	24.00	18.00	(6.00)	
Personal Services	814,971	926,019	727,655	(198,364)	931,590	732,486	(199,104)	(397,468)
Operating Expenses	455,474	555,607	538,990	(16,617)	552,137	539,259	(12,878)	(29,495)
Equipment	7,014	7,500	7,500	0	13,500	13,500	0	0
Grants	8,671,100	10,640,155	10,789,825	149,670	10,640,155	10,640,155	0	149,670
Benefits & Claims	807,017	774,815	0	(774,815)	776,717	0	(776,717)	(1,551,532)
<b>Total Costs</b>	<b>\$10,755,576</b>	<b>\$12,904,096</b>	<b>\$12,063,970</b>	<b>(\$840,126)</b>	<b>\$12,914,099</b>	<b>\$11,925,400</b>	<b>(\$988,699)</b>	<b>(\$1,828,825)</b>
General Fund	2,511,110	2,558,671	1,793,814	(764,857)	2,571,941	1,806,831	(765,110)	(1,529,967)
Federal Special	8,244,466	10,345,425	10,270,156	(75,269)	10,342,158	10,118,569	(223,589)	(298,858)
<b>Total Funds</b>	<b>\$10,755,576</b>	<b>\$12,904,096</b>	<b>\$12,063,970</b>	<b>(\$840,126)</b>	<b>\$12,914,099</b>	<b>\$11,925,400</b>	<b>(\$988,699)</b>	<b>(\$1,828,825)</b>

**Executive Budget Comparison**

Legislative action results in a decrease from the Executive Budget of 6.0 FTE and a decrease of \$1.5 million general fund and \$1.8 million in total funds for the 2003 biennium. Major changes include:

1. transfer of the Crime Victim Compensation function to the Department of Justice. This transfer was the outcome of SB 254, which involved the transfer of 5.0 FTE, \$1.5 million in general fund, and \$1.9 million in total funds for the biennium;
2. non-approval of 1.0 FTE requested by the Board of Crime Control for subgrant fiscal support;
3. reduction in general fund of \$2,352 per year for an 11 percent travel reduction;
4. an increase in federal authority for pass-through grants; and
5. approval of a new federal grant in fiscal 2002 for computer crime.

**Funding**

General fund is used to support: 1) the Youth Detention Services Grant Program; 2) operation of the Peace Officer Standards and Training Program; 3) the Montana Uniform Crime Reporting System; 4) general agency administration; 5) technical assistance to local law enforcement; and 6) state matching funds for the administration of the Juvenile Justice, Juvenile Accountability, and Drug Enforcement federal grant programs.

Federal funds are primarily used for pass-through grant programs. However, federal funding is also used for administration of the Juvenile Justice, Juvenile Accountability, Drug Education, Victim Assistance, Stop Violence Against Women, Enforce Underage Drinking Laws, Statistical Analysis Center, and Drug Enforcement federal grant programs.



Table 1 shows pass-through grants and benefits for fiscal 2000 through the 2003 biennium incorporating SB 254, which moved the Crime Victims Compensation function to the Department of Justice.

Table 1 Pass Through Grants & Benefits			
	FY 2000 Actuals	FY 2002 Appropriated	FY 2003 Appropriated
<u>General Fund</u>			
Juvenile Detention Centers	<u>\$1,134,942</u>	<u>\$1,114,942</u>	<u>\$1,114,942</u>
Subtotal - General Fund	1,134,942	1,114,942	1,114,942
<u>Federal Fund</u>			
Drug Free Schools	398,573	428,587	428,587
Juvenile Challenge Grant	87,500	87,500	87,500
Victim Assistance	1,120,449	1,600,000	1,600,000
Juvenile Delinquency Prev.	144,741	144,741	144,741
Criminal Records/Sex Offender Reg.	384,811	512,389	512,389
Violence Against Women	808,157	816,000	816,000
Drug Enforcement	2,547,359	2,608,361	2,608,361
Juvenile Justice	497,256	656,259	656,259
Substance Abuse Treatment	-	350,000	350,000
Law Enforcement Assistance	201,621	201,621	201,621
Juvenile Accountability Incentive	1,182,537	1,614,600	1,614,600
State Identification System	163,155	163,155	163,155
Computer Crime Unit		149,670	
Enforce Underage Drinking Laws	-	342,000	342,000
Subtotal - Federal Fund	7,536,159	9,674,883	9,525,213
Total Grants & Benefits	<u>\$8,671,101</u>	<u>\$10,789,825</u>	<u>\$10,640,155</u>

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				56,402						61,891
Vacancy Savings				(23,911)						(24,076)
Inflation/Deflation				264						1,120
Fixed Costs				9,937						10,740
<b>Total Statewide Present Law Adjustments</b>				<b>\$42,692</b>						<b>\$49,675</b>
DP 1 - Subgrant Fiscal Support										
1.00	0	0	35,607	35,607	1.00	0	0	33,867	33,867	
DP 3 - Office Lease										
0.00	12,880	0	14,285	27,165	0.00	12,880	0	14,285	27,165	
DP 4 - Computer Network Services										
0.00	3,368	0	2,632	6,000	0.00	3,368	0	2,632	6,000	
DP 5 - Equipment										
0.00	0	0	486	486	0.00	6,486	0	0	6,486	
DP 6 - Motor Pool Leased Vehicles										
0.00	1,631	0	4,176	5,807	0.00	1,758	0	4,501	6,259	
DP 7 - Juvenile Detention Program Coordination										
0.00	0	0	0	0	0.00	0	0	0	0	
DP 10 - Federal Grant Increases for Pass Through Funds										
0.00	0	0	1,297,055	1,297,055	0.00	0	0	1,297,055	1,297,055	
DP 12 - Crime Victims Compensation FTE										
1.00	0	0	0	0	1.00	0	0	0	0	
DP 13 - Crime Victim Compensation Grant Increase										
0.00	0	0	29,583	29,583	0.00	0	0	29,583	29,583	
DP 696 - Data Network Fixed Cost Reduction										
0.00	(155)	0	(104)	(259)	0.00	(155)	0	(104)	(259)	
DP 699 - Vacancy Savings at 4 Percent										
0.00	(8,139)	0	(3,124)	(11,263)	0.00	(8,178)	0	(3,140)	(11,318)	
<b>Total Other Present Law Adjustments</b>										
2.00	\$9,585	\$0	\$1,380,596	\$1,390,181	2.00	\$16,159	\$0	\$1,378,679	\$1,394,838	
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,432,873</b>					<b>\$1,444,513</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items will be applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 1 - Subgrant Fiscal Support** - The legislature approved federal funds of \$35,607 in fiscal 2002 and \$33,867 in fiscal 2003 to increase the fiscal staff by 1.0 FTE (grade 13). The 1.0 FTE will perform accounting functions and provide oversight and technical assistance to address an increase in the number of subgrants issued. The operating costs for the first year of the biennium would include a one-time-only purchase of equipment.

**DP 3 - Office Lease** - Due to space limitations in the old Livestock Building, the Crime Control Division moved to new office space that is not located in a state building. The legislature approved \$41,900 each year for increased non-Department of Administration rent and reduced Department of Administration rent by \$14,735.

**DP 4 - Computer Network Services** - The move to new office space meant that the division would no longer be able to use the local area network used by the Department of Justice when it connects to the state mainframe. The legislature approved \$3,368 in general fund and \$2,632 in federal funds each year of the 2003 biennium to contract for these services.

DP 5 - Equipment - The legislature approved \$486 of federal funds in fiscal 2002 and \$6,486 in general fund in fiscal 2003 for the replacement of one file server each year of the biennium, and to purchase a network color laser printer. The base budget for equipment is \$7,014.

DP 6 - Motor Pool Leased Vehicles - The legislature approved the executive request to lease two motor pool vehicles, but reduced the amount by \$4,457 in fiscal 2002 and \$4,835 in fiscal 2003 to account for a miscoding.

DP 7 - Juvenile Detention Program Coordination - The Office of Juvenile Justice and Delinquency Prevention (OJJDP) found that the Crime Control Division is not in compliance with the regulatory provisions of the OJJDP block grant, which requires that a full time staff devote 100 percent of its time to the federal grant program. Currently, all general fund detention funds are passed through to local governments. No funds are used for administration of this state-funded program. The legislature approved moving \$20,000 from grants to operating expenses in each year of the 2003 biennium to allow the division to contract for the coordination of this program and to bring it into compliance with the OJJDP block grant requirements.

DP 10 - Federal Grant Increases for Pass Through Funds - The legislature approved increased federal authority of \$1,297,055 each year. The Crime Control Division administers federal anti-drug, anti-crime, and victim assistance grants. The board provides funding to local, regional, and statewide projects.

DP 12 - Crime Victims Compensation FTE - The legislature approved an increase in the Crime Victim's Compensation Program staff by 1.0 FTE. The proposal does not include new funds for this position as the funding would come from moving money in the base budget from crime victims benefits to personal services. With the passage of SB 254, the Crime Victim's Compensation unit is transferred to the Department of Justice as indicated in new proposal DP 15.

DP 13 - Crime Victim Compensation Grant Increase - The legislature approved an increase of federal funding for crime victim compensation of \$29,583 per year for a total grant of \$225,000 each year of the 2003 biennium. With the passage of SB 254, the Crime Victim's Compensation unit is transferred to the Department of Justice as indicated in new proposal DP 15.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. With the passage and approval of SB 254, the Crime Victim's Compensation unit and 5.0 FTE were transferred to the Department of Justice. This reduction in FTE brought the division below 20.0 FTE. The legislature did not approve restoring vacancy savings.



New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 8 - Enforcing Underage Drinking Laws Grant										
01	0.00	0	0	360,000	360,000	0.00	0	0	360,000	360,000
DP 9 - Residential Substance Abuse Training										
01	0.00	0	0	350,000	350,000	0.00	0	0	350,000	350,000
DP 14 - Computer Crime Unit										
01	0.00	0	0	149,670	149,670	0.00	0	0	0	0
DP 15 - SB 254 - Transfer Crime Victims Comp.										
01	(5.00)	(756,797)	0	(225,000)	(981,797)	(5.00)	(757,337)	0	(225,000)	(982,337)
DP 693 - Statewide Travel Reduction										
01	0.00	(2,352)	0	0	(2,352)	0.00	(2,352)	0	0	(2,352)
<b>Total</b>	<b>(5.00)</b>	<b>(\$759,149)</b>	<b>\$0</b>	<b>\$634,670</b>	<b>(\$124,479)</b>	<b>(5.00)</b>	<b>(\$759,689)</b>	<b>\$0</b>	<b>\$485,000</b>	<b>(\$274,689)</b>

### New Proposals

DP 8 - Enforcing Underage Drinking Laws Grant - The legislature approved federal authority of \$360,000 for each year of the 2003 biennium to assist local governments in developing programs to enforce underage drinking laws. Five percent of the funds are flagged for administration; the remainder will be granted to units of government, tribal governments, school districts, and non-profit organizations. No state match is required for receipt of these funds. This grant is intended to increase a given community's ability to enforce underage drinking laws through local initiatives such as increased enforcement, alternative sentencing programs, training relative to alcohol sales and enforcement, and increased community planning through community-oriented policing.

In February 2000, the Governor designated the Montana Board of Crime Control to administer the Enforcing Underage Drinking Laws Program. The Department of Public Health and Human Services previously administered the program.

DP 9 - Residential Substance Abuse Training - The legislature approved federal authority of \$350,000 each year of the biennium to assist with operating residential substance abuse programs for juveniles and adults. The division has administered this program for several years, but no base expenditures were made in fiscal 2000 due to the fact that grant funds were frozen until the program could come into compliance with a corrective action plan. Compliance measures were met and funds were released at the end of June 2000.

DP 14 - Computer Crime Unit - The legislature approved a biennial appropriation of federal funds in fiscal 2002 for a computer crime unit. The funds will be subgranted to the Department of Justice's Division of Criminal Investigation to implement the program.

DP 15 - SB 254 - Transfer Crime Victims Comp. - SB 254, passed by the legislature and signed by the Governor, transfers the duties and responsibilities for administration of the Crime Victims Compensation Act of Montana from the Division of Crime Control to the newly created Office of Victims Services in the Department of Justice. This includes 5.0 FTE that will be transferred to the Department of Justice.

DP 693 - Statewide Travel Reduction - The legislature reduced general fund each year equivalent to 11 percent of all general fund expenditures for travel in the fiscal 2000 budget base.

### Language

All remaining federal pass-through grant appropriations, including reversions, for the 2001 biennium are authorized to continue and are appropriated in fiscal year 2002 and fiscal year 2003.

Item [Justice System Support Service] includes a reduction of general fund money of \$2,352 in fiscal year 2002 and \$2,352 in fiscal year 2003. This reduction is the equivalent of a 11 percent reduction in fiscal 2000 base budget travel

expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

The Board of Crime Control shall update juvenile crime statistics from the child and adult protective services system on the board's web page semi-annually.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	700.95	9.25	3.50	713.70	9.25	3.50	713.70	713.70
Personal Services	27,780,269	2,381,440	103,970	30,265,679	2,678,257	103,741	30,562,267	60,827,946
Operating Expenses	13,684,875	1,360,896	44,396	15,090,167	1,369,514	32,631	15,087,020	30,177,187
Equipment	1,783,827	228,811	0	2,012,638	352,361	0	2,136,188	4,148,826
Capital Outlay	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	804,398	804,398	0	806,300	806,300	1,610,698
Transfers	0	0	850,000	850,000	0	850,000	850,000	1,700,000
Debt Service	617,569	2,600	960,000	1,580,169	2,600	0	620,169	2,200,338
<b>Total Costs</b>	<b>\$43,866,540</b>	<b>\$3,973,747</b>	<b>\$2,762,764</b>	<b>\$50,603,051</b>	<b>\$4,402,732</b>	<b>\$1,792,672</b>	<b>\$50,061,944</b>	<b>\$100,664,995</b>
General Fund	21,562,997	1,802,334	(69,010)	23,296,321	1,941,754	(78,767)	23,425,984	46,722,305
State/Other Special	19,881,780	1,787,835	1,165,125	22,834,740	2,065,208	202,127	22,149,115	44,983,855
Federal Special	2,399,789	381,249	1,055,546	3,836,584	394,714	1,055,546	3,850,049	7,686,633
Proprietary	21,974	2,329	611,103	635,406	1,056	613,766	636,796	1,272,202
<b>Total Funds</b>	<b>\$43,866,540</b>	<b>\$3,973,747</b>	<b>\$2,762,764</b>	<b>\$50,603,051</b>	<b>\$4,402,732</b>	<b>\$1,792,672</b>	<b>\$50,061,944</b>	<b>\$100,664,995</b>

### Agency Description

The Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety, as authorized in 2-15-501, MCA. The duties of the department include: 1) providing legal representation for the state and its political subdivisions in criminal appeals; 2) providing legal services and counsel for the state, county, and municipal agencies and their officials; 3) enforcing Montana traffic laws and registering all motor vehicles; 4) enforcing state fire safety codes and regulations; 5) assisting local law enforcement agencies in bringing offenders to justice; 6) managing a statewide system of death investigations and providing scientific analyses of specimens submitted by law enforcement officials, coroners, and state agencies; and 7) providing for the uniform regulation of all gambling activities in the state of Montana.

### Summary of Legislative Action

The legislature added 12.75 FTE and \$11.2 million total funds (\$3.1 million general fund) over the 2003 biennium to the department's base budget. In comparing the 2001 biennium (base year expenditures and appropriations) to the 2003 biennium, general fund increases 7.2 percent in the two-year period and total funds increase 12.5 percent.

Significant general fund biennial adjustments include:

- present law adjustment increases (including statewide present law adjustments) of \$3.7 million. The amount is mainly comprised of:
  - statewide present law adjustments for personal services of \$2.5 million;
  - base budget adjustments for the Motor Vehicle Division of \$0.8 million; and
  - base budget adjustments of \$0.4 million for the Forensic Science Division;
- 5.0 FTE and a \$1.5 million increase for SB 254, which transfers the duties and responsibilities (including 5.0 FTE) for administration of the Crime Victims Compensation Act of Montana from the Division of Crime Control to the newly created Office of Victims Services in the Department of Justice;
- \$263,000 for imaging systems for the Title and Registration Bureau;
- a reduction of \$1.1 million general fund due to HB 399, which revised the liquor license laws and results in a fund switch in the Department of Justice by reducing general fund and increasing proprietary funds;
- a reduction in personal services of \$442,697. The legislature reduced:
  - \$256,228 general fund personal services funding, which is equivalent to the general fund share of 1 percent of authorized FTE. The reduction was placed in the Information Technology Services Division, but the legislature authorized reallocation of the reduction among divisions;
  - \$129,000, attributed to vacant positions in the Information Technology Services Division, to pay the costs of adding two new district court judges (Ravalli and Cascade counties); and



c. \$57,469, attributed to vacant positions in the Information Technology Services Division, to contribute to the cost of providing salary upgrades for Department of Revenue auditors;

6. a reduction of \$356,660 as a result of SB 328, which transfers the Extradition and Transportation of Prisoners program to the Governor's Office; and

7. \$31,502 reduction in general fund travel each year.

In the 2003 biennium, state special funds increase by \$3.8 million. The majority of this increase is from the highways state special revenue account for present law adjustments within the Highway Patrol Division. Federal funds increase \$3.0 million, with the increase primarily for legislative contract authority.

### Agency Discussion

#### *Gambling License Fee State Revenue Account*

Table 1 reflects an analysis of the Gambling License Fee Account fund balance through fiscal 2003. Based upon projected gambling license fee revenues and appropriations requested in the Executive Budget, the fund balance was projected to be negative in fiscal years 2002 and 2003. The department presented and the legislature accepted a plan to internally mitigate the shortfall in the 2003 biennium. The plan reduced expenditures by \$479,183, which will keep the fund positive through fiscal 2003. In addition, the following actions by the legislature had a positive impact on the fund balance: 1) a reduction of communication costs for the central system's nightly calls to collect video-gaming machine meter readings; and 2) an increase in vacancy savings to 4 percent.

Revenues to this account are 50 percent of the gambling machines permit fee (the other 50 percent goes to local governments) and 100 percent of the machine transfer processing fee. By statute, the department is to charge \$200 for each video gambling machine permit and \$25 for each machine that transfers ownership.

Table 1  
Gambling License Fee Account  
Reflecting Gambling Control Division Plan to Reduce Expenditures

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003
Beginning Balance	\$810,752	\$674,956	\$209,989	\$165,445
<u>Revenue</u>				
Gambling License Fee	3,995,083	3,995,083	4,329,000	4,330,000
Misc. Fine/Forfeit.	76,581	120,000	120,000	120,000
Other	17,610	1,388	4,000	4,000
Total Revenue	\$4,089,274	\$4,116,471	\$4,453,000	\$4,454,000
<u>Disbursements</u>				
Statutory Distributions	\$1,970,726	\$1,970,726	\$2,141,195	\$2,141,650
Present Law Appropriation				
Legal Services	199,484	205,746	218,916	219,983
Gambling Control	1,968,358	2,335,766	1,938,909	1,948,521
Central Services	34,759	32,460	42,311	38,495
Justice Information Service	36,740	36,740	36,686	36,685
Pay Plan Adj.			69,527	69,380
New Proposals				
Gambling Control			50,000	50,000
Non-Approp.	9,523	-	-	-
Total Disbursements	4,219,590	4,581,438	4,497,544	4,504,714
Adjustments	(5,480)			
Ending Balance	\$ 674,956	\$ 209,989	\$ 165,445	\$ 114,731

*Supplemental Appropriation*

A supplemental amount of \$54,117 in total funds was approved for the Department of Justice to cover payout costs (annual leave and sick leave) for four exempt staff that left the agency with the change of administration. The \$54,117 is composed of \$41,632 general fund, \$11,593 state special revenue, and \$892 proprietary funding. In addition, \$45,000 general fund was approved for the extradition and transportation of prisoners because costs exceeded the fiscal 2001 appropriation.

**Other Legislation**

House Bill 5 - HB 5 is the capital projects bill for the 2003 biennium. Included in this legislation is \$200,000 in capital project funds to upgrade the foundations and boiler at the Montana Law Enforcement Academy.

House Bill 256 - HB 256 revises reckless and careless driving laws. The legislature appropriated \$12,073 in general fund each year of the biennium to pay the projected increased prisoner per diem costs. Revenues of \$15,000 each year from penalties are expected to offset the increased cost (total revenues are projected to be \$30,000 each year, with 50 percent going to local governments and 50 percent to the state general fund).

House Bill 359 - HB 359 expands the collection of DNA evidence to all felonies. Previously, collections were limited to sexual or violent offenses. The offender is responsible, if able, to pay for the cost of the collection sample, but no revenues were projected in the fiscal note. The fees charged may not exceed the actual costs of collection. All fees collected will be deposited into the general fund. The legislature appropriated \$24,150 in general fund each year of the 2003 biennium to pay for the cost of analyzing the DNA samples taken.

House Bill 399 - This bill revises the liquor licensing law and provides for the deposit of liquor license fees and permit fees into the Department of Revenue's liquor enterprise fund. Because the liquor-related administrative activities of the Department of Revenue and the Gambling Control Division of the Department of Justice would now be funded by an appropriation from the liquor enterprise proprietary fund, the legislature approved a fund switch from the general fund to the proprietary account.

House Bill 419 - HB 419 creates a natural resources enforcement program in the Attorney General's office for the investigation and prosecution of violations of fish, wildlife, and parks laws. The legislature appropriated \$41,600 in state special revenue each year of the 2003 biennium. The program will be administered through Fish, Wildlife, and Parks with a memorandum of understanding with the Department of Justice. This will allow the use of general license dollars without jeopardizing federal funds.

House Bill 577 - HB 577 authorizes the department to borrow from the Board of Investments: 1) up to \$4.5 million for financing the cost of an information technology system for the production and maintenance of motor vehicle title and registration records and driver's license records; and 2) up to \$1,120,000 for the acquisition of video gambling automated accounting and reporting system data collection units. A biennial appropriation of \$960,000 in state special revenue was approved in HB 2 for debt service on the motor vehicle information technology system and language was included in HB 2 stating that the main appropriation for the Gambling Control Division contained \$380,000 general fund each year that reflects continuation of a five-year general fund commitment for the automated accounting and reporting system through the 2005 biennium and that these funds may be used to make debt service payments.

House Bill 637 - An Office of Restorative Justice is created in the Department of Justice by this bill. The office is to promote the use of restorative justice and to provide technical assistance and grants for restorative justice programs. The expectation is that rather than incarcerating the offender in a secure facility, appropriate offenders who are at low risk for violence will be placed in community programs based on restorative justice. The legislature appropriated \$200,000 in state special revenue to the Board of Crime Control for providing grants to communities for restorative justice.

Senate Bill 191 - The bill allows specialty license plate decals for organizations and contains a general fund appropriation of \$26,010 to be used for computer programming costs. An appropriation for the Department of Corrections is also contained in the bill.

Senate Bill 254 - SB 254 transferred the Crime Victim's Compensation function from the Board of Crime Control to the Department of Justice. The funds associated with this function and 5.0 FTE were transferred to Justice.

Senate Bill 328 - This bill transferred the Extradition and Transportation of Prisoners program to the Governor's Office. In the past, this function was split between the Department of Justice and the Governor's Office.

Senate Bill 334 - SB 334 allows the department to contract for a driver rehabilitation and improvement program for individuals whose license is subject to suspension or revocation as a result of a violation of the traffic laws of this state or has been revoked, and they have complied with certain criteria. The legislature appropriated approximately \$33,000 in state special revenue each year and expects revenues from the fee charged to participants will reimburse the state for the costs.

Senate Bill 358 - SB 358 provides general public access to motor vehicle accident reports and supplemental information for the purpose of research into the history of vehicles. The legislature appropriated state special revenue of \$16,574 in fiscal 2002 and \$13,946 in fiscal 2003. The fee for copies of crash records will be increased by approximately 28 cents per copy to cover the costs associated with the bill.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	700.95	711.20	713.70	2.50	711.20	713.70	2.50	
Personal Services	27,780,269	30,211,345	30,265,679	54,334	30,508,251	30,562,267	54,016	108,350
Operating Expenses	13,684,875	15,251,856	15,090,167	(161,689)	15,280,625	15,087,020	(193,605)	(355,294)
Equipment	1,783,827	2,012,638	2,012,638	0	2,136,188	2,136,188	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	804,398	804,398	0	806,300	806,300	1,610,698
Transfers	0	850,000	850,000	0	850,000	850,000	0	0
Debt Service	617,569	620,169	1,580,169	960,000	620,169	620,169	0	960,000
<b>Total Costs</b>	<b>\$43,866,540</b>	<b>\$48,946,008</b>	<b>\$50,603,051</b>	<b>\$1,657,043</b>	<b>\$49,395,233</b>	<b>\$50,061,944</b>	<b>\$666,711</b>	<b>\$2,323,754</b>
General Fund	21,562,997	23,542,859	23,296,321	(246,538)	23,690,595	23,425,984	(264,611)	(511,149)
State/Other Special	19,881,780	21,779,334	22,834,740	1,055,406	22,068,620	22,149,115	80,495	1,135,901
Federal Special	2,399,789	3,598,971	3,836,584	237,613	3,612,445	3,850,049	237,604	475,217
Proprietary	21,974	24,844	635,406	610,562	23,573	636,796	613,223	1,223,785
<b>Total Funds</b>	<b>\$43,866,540</b>	<b>\$48,946,008</b>	<b>\$50,603,051</b>	<b>\$1,657,043</b>	<b>\$49,395,233</b>	<b>\$50,061,944</b>	<b>\$666,711</b>	<b>\$2,323,754</b>

### Executive Budget Comparison

The legislature reduced the Executive Budget request for the Department of Justice's budget by \$511,149 general fund and increased total funds above the Executive Budget by \$2.3 million total funds and 2.5 FTE for the 2003 biennium.

The major increases above the Executive Budget include:

- 5.0 FTE, \$1.5 million general fund, and \$1.9 million in total funds as a result of SB 254, which moved the Crime Victim Compensation function from the Board of Crime Control to the Department of Justice
- \$960,000 state special revenue for debt service for funds borrowed to finance a motor vehicle title and registration system
- 2.0 FTE and \$179,646 in state special revenue for cat and dog bills passed by the legislature
- 0.5 FTE and \$55,033 general fund for a forensic scientist

The major biennial reductions include:

- A fund switch from general fund to proprietary funds as a result of HB 399, which revised the liquor laws and created an internal service fund



- Approximately \$256,000 in general fund for personal services. The amount is equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced
- General fund of \$186,469 in personal services to be used for adding two district court judges and to help pay for pay upgrades for Department of Revenue auditors
- General fund of \$356,660 as a result of the Extradition and Transportation of Prisoners program being moved to the Governor's Office
- 1.0 FTE, \$22,644 general fund, and \$52,663 in total funds for support services in the Central Services Division
- 4.0 FTE where the positions had been vacant over seven months. The funds remain for the 2003 biennium, but the positions will not be funded in the 2005 biennium

**Language**

The appropriations for legislative contract authority are subject to all of the following provisions:

1. Legislative contract authority applies only to federal and private funds.
2. Legislative contract authority expenditures must be reported on the state accounting records and kept separate from present law operations. In preparing the 2005 biennium Executive Budget, the Office of Budget and Program Planning may not include expenditures from this item in the present law base.
3. A report must be submitted by the department to the Legislative Fiscal Analyst following the end of each fiscal year, listing legislative contract authority grants received and the amount of expenditures and FTE for each grant.

Item [Motor Vehicle Division] includes a reduction of general fund of \$31,502 in fiscal 2002 and \$31,502 in fiscal 2003. This reduction is the equivalent of a 10 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Information Technology Services Division] includes a reduction of \$127,892 general fund in fiscal 2002 and \$128,336 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	46.25	0.50	5.50	52.25	0.50	5.50	52.25	52.25
Personal Services	2,128,540	287,495	209,678	2,625,713	300,290	210,407	2,639,237	5,264,950
Operating Expenses	612,855	120,052	24,321	757,228	127,055	22,230	762,140	1,519,368
Equipment	6,890	0	0	6,890	0	0	6,890	13,780
Benefits & Claims	0	0	804,398	804,398	0	806,300	806,300	1,610,698
Debt Service	1,391	0	0	1,391	0	0	1,391	2,782
<b>Total Costs</b>	<b>\$2,749,676</b>	<b>\$407,547</b>	<b>\$1,038,397</b>	<b>\$4,195,620</b>	<b>\$427,345</b>	<b>\$1,038,937</b>	<b>\$4,215,958</b>	<b>\$8,411,578</b>
General Fund	2,407,043	288,405	756,797	3,452,245	306,405	757,337	3,470,785	6,923,030
State/Other Special	279,238	32,857	56,600	368,695	34,198	56,600	370,036	738,731
Federal Special	63,395	86,285	225,000	374,680	86,742	225,000	375,137	749,817
<b>Total Funds</b>	<b>\$2,749,676</b>	<b>\$407,547</b>	<b>\$1,038,397</b>	<b>\$4,195,620</b>	<b>\$427,345</b>	<b>\$1,038,937</b>	<b>\$4,215,958</b>	<b>\$8,411,578</b>

### Program Description

The Legal Services Division provides:

1. the Attorney General with legal research and analysis services;
2. legal counsel for state government officials, bureaus, and boards;
3. legal assistance to local governments and Indian tribes;
4. legal assistance, training, and support for county prosecutors; and
5. administration of the Crime Victims Compensation Act of Montana.

Indian Legal Jurisdiction provides representation and coordination of trial and appellate lawsuits involving the State of Montana and the Indian tribes, supervision of the private attorneys contracted by the state to assist with those cases, and advice to state agencies on questions involving Indian legal matters.

HB 419, passed by the 2001 legislature, provides for a natural resources enforcement program in the Attorney General's office. The program will provide investigation and prosecution of violations of fish, wildlife, and parks laws.

The County Prosecutor Services Division provides special prosecution assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys or city attorneys have conflicts of interest. The County Prosecutor Services Division also provides prosecutor services to the Eastern Coal Counties Drug Task Force and the Western Montana Special Investigation Section, and coordinates training and continuing legal education for county attorneys, city attorneys, and law enforcement personnel.

A Child Protection Unit was added by the 1999 legislature to assist county attorneys across the state in handling child protection cases and other legal matters in the district courts.

### Funding

The base budget of the Legal Services Division is supported by approximately 87 percent general fund.

State special revenue funds include: 1) state fund revenues, which support one attorney and the operating costs associated with the position; 2) gambling license fees, which support three attorneys, support staff, and the associated operating costs; and 3) the highway special revenue fund, which supports 25.0 percent of one attorney. In addition, the legislature appropriated additional highway special funds for exempt staff salary increases.

Federal funds support 75.0 percent of one attorney and operating costs in the area of drug prosecution, as well as 25.0 percent of the Child Protection Unit.

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				384,644						397,960
Vacancy Savings				(67,478)						(67,867)
Inflation/Deflation				(962)						(700)
Fixed Costs				70,256						77,039
<b>Total Statewide Present Law Adjustments</b>				<b>\$386,460</b>						<b>\$406,432</b>
DP 698 - Rent Reduction - Use of Capitol Land Grant										
0.00	(12,573)	0	0	(12,573)	0.00	(12,616)	0	0	(12,616)	
DP 699 - Vacancy Savings at 4 Percent										
0.00	(25,129)	(3,370)	(1,172)	(29,671)	0.00	(25,242)	(3,383)	(1,178)	(29,803)	
DP 1001 - LSD Base Budget Adjustments										
0.00	27,820	8,062	5,724	41,606	0.00	27,820	8,062	5,724	41,606	
DP 1002 - 0.50 FTE Administrative Support										
0.50	0	0	0	0	0.50	0	0	0	0	
DP 1005 - Major Litigation Base Adjustments										
0.00	21,725	0	0	21,725	0.00	21,726	0	0	21,726	
<b>Total Other Present Law Adjustments</b>										
0.50	\$11,843	\$4,692	\$4,552	\$21,087	0.50	\$11,688	\$4,679	\$4,546	\$20,913	
<b>Grand Total All Present Law Adjustments</b>				<b>\$407,547</b>						<b>\$427,345</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1001 - LSD Base Budget Adjustments - The legislature approved \$83,212 total funds for the 2003 biennium. The majority of the funds requested will be used to annualize costs of the Child Protection Unit approved by the 1999 legislature, which was not fully staffed for most of the base year. The funds approved for the biennium are: 1) consulting and other professional services amounting to \$22,140 each year, to be used in support of annualizing the costs associated with the Child Protection Unit and to provide for participation in antitrust activities; 2) \$4,305 each year for case-tracking software and computer processing needs; 3) \$8,461 each year for increased travel costs expected in the 2003 biennium and for annualization of travel costs of the Child Protection Unit; and 4) \$6,700 each year for rental costs associated with the Child Protection Units in Miles City, Missoula, and Helena.

DP 1002 - 0.50 FTE Administrative Support - The legislature approved the addition of a 0.50 FTE for administrative support. No additional funds were approved for this decision package. The division proposes using the savings generated from downgrading a lawyer position from a grade 18 to a grade 17 and downgrading a legal secretary from a grade 10 to an administrative assistant at a grade 8. These positions were vacant when downgraded, but are now filled. The administrative assistant has assumed lower-graded duties including copying and filing, freeing up the time of legal secretaries for higher-level duties.

DP 1005 - Major Litigation Base Adjustments - The legislature approved an increase of \$43,451 general fund for the 2003 biennium. This will provide \$400,000 for major litigation. Major litigation expenses typically involve major



lawsuits filed against the State of Montana. The legislature approved the \$400,000 as a biennial, restricted appropriation.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 1010 - Salary Increase for Exempt Staff										
01	0.00	0	15,000	0	15,000	0.00	0	15,000	0	15,000
DP 1011 - SB 254 - Transfer Crime Victim Compensation										
01	5.00	756,797	0	225,000	981,797	5.00	757,337	0	225,000	982,337
DP 1012 - HB 419 - Natural Resources Enforcement Program										
01	0.50	0	41,600	0	41,600	0.50	0	41,600	0	41,600
<b>Total</b>	<b>5.50</b>	<b>\$756,797</b>	<b>\$56,600</b>	<b>\$225,000</b>	<b>\$1,038,397</b>	<b>5.50</b>	<b>\$757,337</b>	<b>\$56,600</b>	<b>\$225,000</b>	<b>\$1,038,937</b>

### New Proposals

DP 1010 - Salary Increase for Exempt Staff - The legislature approved state special revenue each year for the Attorney General's request to increase the salaries of exempt staff.

DP 1011 - SB 254 - Transfer Crime Victim Compensation - The legislature approved SB 254 which transfers the duties and responsibilities (including 5.0 FTE) for administration of the Crime Victims Compensation Act of Montana from the Division of Crime Control to the newly created Office of Victims Services in the Department of Justice.

DP 1012 - HB 419 - Natural Resources Enforcement Program - HB 419 creates a program for the investigation and prosecution of violations of fish, wildlife, and parks law in the Department of Justice. The legislature appropriated state special revenue funds to allow the department to spend funds from the Department of Fish, Wildlife, and Parks. Payment for services will be made through a memorandum of understanding.

### Language

The legislature recognizes that the costs associated with litigation in which the Legal Services Division is required to provide representation to the state of Montana may exceed the appropriation provided. In that event, the department will need to request a supplemental appropriation from the 2003 legislature to adequately represent the state.

Item [HB 419 - Natural Resources Enforcement Program] is contingent upon passage and approval of HB 419.

## **Proprietary Rates**

### **Program Description**

The Agency Legal Services Bureau provides legal assistance to state agencies on a contractual basis. The bureau is funded on a proprietary basis, charging hourly fees and case-related costs to client agencies. Services include litigation, hearing examiner work, and general counsel. The Bankruptcy Program, which is attached to this bureau, also provides legal services to state agencies on a contractual basis in the areas of bankruptcy and collections.

### **Revenues and Expenses**

**Working Capital** - The ALS account should have a 60-day working capital reserve. This level has never been obtained. A rate increase approved by the 1997 legislature, which took effect in fiscal 1998, was the first rate increase since 1990. The new rate structure gradually increased the cash balance until fiscal 2001, when projected revenues are no longer sufficient. The approved increases will gradually increase the cash balance and the goal is to produce a 60-day working capital reserve by the end of the fiscal 2004.

**Fund Equity and Reserved Fund Balance** - An adequate reserve fund balance is necessary to provide for adequate cash flow to meet operational expenses and to cover the costs of termination pay and the related reduced billable hours for new employees in training. ALS has a negative fund balance and no working capital reserve. Because of the lag between billing and receipt of cash, loans are necessary until year-end when all agencies are required to be current with their payables. The approved rate increase should eliminate the negative fund balance and begin producing a working capital reserve.

**Cash Flow** - Cash revenue flow is based on monthly billings. The delay in receipt of revenue requires an on-going inter-entity loan to meet payroll commitments and operational expenses. The rate increase should have the effect of gradually eliminating the need for inter-entity loans.

### **Rate Explanation**

The Agency Legal Services Bureau is supported by an hourly charge of \$62 for attorneys and \$35 for paralegals. The legislature approved increasing this rate to \$70 for attorneys and \$38 for paralegals. The fees cover all associated personal services costs of attorneys and paralegals, operating expenses, and administrative support staff expenses. Remaining revenues are direct charges to clients for costs specific to a case such as expert witnesses, legal filings, etc. The goal of this program is to provide affordable legal assistance to state agencies by keeping expenses to a minimum.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	47.00	2.00	(1.00)	48.00	2.00	(1.00)	48.00	48.00
Personal Services	1,890,222	162,262	43,900	2,096,384	174,228	43,900	2,108,350	4,204,734
Operating Expenses	960,550	86,238	50,000	1,096,788	99,453	50,000	1,110,003	2,206,791
Equipment	56,418	0	0	56,418	(12,250)	0	44,168	100,586
Debt Service	138	0	0	138	0	0	138	276
<b>Total Costs</b>	<b>\$2,907,328</b>	<b>\$248,500</b>	<b>\$93,900</b>	<b>\$3,249,728</b>	<b>\$261,431</b>	<b>\$93,900</b>	<b>\$3,262,659</b>	<b>\$6,512,387</b>
General Fund	901,388	45,815	(567,203)	380,000	48,478	(569,866)	380,000	760,000
State/Other Special	2,005,940	202,685	50,000	2,258,625	212,953	50,000	2,268,893	4,527,518
Proprietary	0	0	611,103	611,103	0	613,766	613,766	1,224,869
<b>Total Funds</b>	<b>\$2,907,328</b>	<b>\$248,500</b>	<b>\$93,900</b>	<b>\$3,249,728</b>	<b>\$261,431</b>	<b>\$93,900</b>	<b>\$3,262,659</b>	<b>\$6,512,387</b>

### Program Description

The Gambling Control Division was established by the 1989 legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting licensing fees for gambling machines and activities, the division is responsible for collecting and distributing the gambling tax assessed on the net proceeds of gambling activities, and investigative functions relative to alcoholic beverage licensing and tobacco enforcement. The Gambling Control Program operates as a state mandate. A Gaming Advisory Council of nine members is appointed to provide advisory services to the Attorney General in order to ensure uniform statewide regulation of gambling activities.

### Funding

Primary funding for the Gambling Control Division comes from the revenues generated through licenses and permits for gambling operators, machines, and other gambling activities, as well as license fees for video gambling machine manufacturers/distributors. As authorized in Section 23-5-612, MCA, revenues include 50 percent of the gambling machine permit fee (the other 50 percent goes to local government) and 100 percent of the machine transfer processing fee. By statute, the department is to charge \$200 for each video gambling machine permit and \$25 for each machine that transfers ownership. The revenues are deposited into the Gambling License Fee State Special Revenue Account to be used for the costs related to operations of the division and other agency programs.

Funds to process cabaret license applications are derived from a state special revenue fund made up of a percentage of cabaret license fees statutorily set aside to cover these costs.

In past biennia, general fund was appropriated to support the tobacco and alcohol beverage enforcement functions. The 2001 legislature passed HB 399, which revised the liquor license laws and created an enterprise fund. Therefore, proprietary funds were authorized to replace general fund for this function.

General fund continues to support the Automated Accounting and Reporting System (AARS) as established by the 1999 legislature, when it approved the establishment of the AARS. Language in HB 2 passed by the 1999 legislature states that:

"Item [HB 109 - Establish Automated Video Gambling Accounting and Reporting System] contains funding for the automated accounting and reporting system. The general fund appropriation of \$380,000 reflects the first year of a 5-year general fund commitment for this project. It is the intent of the legislature that an annual general fund commitment of \$380,000 be continued each year of the 2003 biennium. It is also acknowledged that 1 additional FTE and related operating costs will be necessary in fiscal year 2002."

Similar language was passed by this legislature. See the "Language" section.



Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					146,919					159,037
Vacancy Savings					(56,123)					(56,487)
Inflation/Deflation					(174)					423
Fixed Costs					18,855					19,925
Total Statewide Present Law Adjustments					\$109,477	\$122,898				
DP 698 - Rent Reduction - Use of Capitol Land Grant										
	0.00	(76)	(287)	0	(363)	0.00	(75)	(282)	0	(357)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(5,375)	(21,166)	0	(26,541)	0.00	(5,401)	(21,264)	0	(26,665)
DP 7001 - GCD Base Budget Adjustment										
	0.00	12,356	46,481	0	58,837	0.00	12,207	45,922	0	58,129
DP 7002 - AARS FTE										
	2.00	22,731	85,512	0	108,243	2.00	22,802	85,777	0	108,579
DP 7008 - Non-Employee Travel										
	0.00	(1,153)	0	0	(1,153)	0.00	(1,153)	0	0	(1,153)
Total Other Present Law Adjustments										
	2.00	\$28,483	\$110,540	\$0	\$139,023	2.00	\$28,380	\$110,153	\$0	\$138,533
Grand Total All Present Law Adjustments					\$248,500	\$261,431				

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 7001 - GCD Base Budget Adjustment - The legislature approved the following adjustments:

1. \$4,050 per year for overtime to be paid to the division's technical services unit personnel;
2. \$8,360 each year for annualization of the operating expenses for two positions that were vacant most of the year;
3. \$22,928 in fiscal 2002 and \$32,928 in fiscal 2003 for communication expenses involved in the central system's nightly calls to collect video-gaming machine meter readings;
4. \$22,307 in fiscal 2002 and \$23,849 in fiscal 2003 to cover increases in contractual obligations for rent. The 1999 legislature approved \$41,171 in fiscal 2000 to cover the increased costs of new rental space in Missoula. The new building was not completed in fiscal 2000 and increased rental costs were not incurred. Of the \$41,171 rent appropriation, \$20,312 was spent for rent, \$13,808 was spent for one-time costs related to the new building/move, and \$7,051 was reverted;
5. a reduction of \$13,808 each year for one-time costs related to the new building/move;
6. a reduction of \$12,250 in fiscal 2003 for vehicle replacement costs. The division spent \$51,249 during the base year to replace four vehicles. It is projected that four vehicles will be replaced in fiscal 2002 and three vehicles in fiscal 2003, which reflects the division's standard vehicle replacement policy of replacing vehicles with 100,000 or more miles; and
7. \$15,000 each year to provide out-of-state commercial travel for a total of \$22,976 each year of the biennium when added to base expenditures. This will enable division staff to conduct license investigations of foreign national

corporate video gambling machine manufacturers. The division estimates that there could be as many as three applications from foreign manufacturers in any given year. These costs are fully reimbursed by license applicants.

DP 7002 - AARS FTE - The Automated Accounting and Reporting System (AARS) will be operational by the end of the 2001 biennium. The legislature approved funding to provide on-going support and maintenance for this system and funds to hire 2.0 FTE. The additional FTE include a grade 16 communications specialist and a grade 16 computer systems administrator.

DP 7008 - Non-Employee Travel - The legislature approved a base adjustment which reduces non-employee travel by 50 percent.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction										
07	(1.00)	0	0	0	0	(1.00)	0	0	0	0
DP 7003 - Imaging System, Licensing Records										
07	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 7009 - HB 399 - Revise Liquor License Laws										
07	0.00	(567,203)	0	0	43,900*	0.00	(569,866)	0	0	43,900*
<b>Total</b>	<b>(1.00)</b>	<b>(\$567,203)</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$93,900*</b>	<b>(1.00)</b>	<b>(\$569,866)</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$93,900*</b>

### New Proposals

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 7003 - Imaging System, Licensing Records - The legislature approved gambling license fee funds of \$100,000 for the biennium to install an imaging system. The Gambling Control Division maintains approximately 58,000 files and 102 file cabinets in a central Helena repository. Because original files do not leave the Helena office, photocopies must be made and sent to field offices. An imaging system would allow files to be imaged upon receipt and made available almost immediately to division personnel through use of their desktop computers.

DP 7009 - HB 399 - Revise Liquor License Laws - HB 399 revises the liquor licensing law and provides for the deposit of liquor license fees and permit fees into the Department of Revenue's liquor enterprise fund, rather than to the state general fund. General fund is reduced by \$567,203 in fiscal 2002 and \$569,366 in fiscal 2003 and proprietary funds are increased by \$611,103 in fiscal 2002 and \$613,766 in fiscal 2003. The \$43,900 in additional proprietary fund is offset by a reduction in a like amount in the Department of Revenue and is to provide financial reviews of liquor-only applicants.

### Language

The appropriation for the Gambling Control Division contains funding for the Automated Accounting and Reporting System (AARS). The general fund appropriation of \$380,000 in each year of the 2003 biennium reflects continuation of a 5-year general fund commitment for this project through the 2005 biennium. It is the intent of the legislature that an annual general fund commitment of \$236,250 be continued in each year of the 2007 biennium. If the Long-Range Building Program committee bill, to use Intercap funding for AARS implementation, is passed by the 2001 legislature, a portion of these appropriations may be used to make debt service payments.

The department is appropriated up to \$2,800,000 for the biennium from state special revenue funds for the purchase of system interface boards to be used for the implementation of the AARS.

Item [Gambling Control Division] includes a reduction of \$567,203 in general fund in fiscal 2002 and \$569,866 in fiscal

2003 and an increase in proprietary funds of \$611,103 in fiscal 2002 and \$613,766 in fiscal 2003. These reductions and increases are contingent upon passage and approval of HB 399.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	160.60	0.00	1.00	161.60	0.00	1.00	161.60	161.60
Personal Services	4,421,596	198,315	29,561	4,649,472	225,701	29,662	4,676,959	9,326,431
Operating Expenses	3,433,169	300,336	109,323	3,842,828	327,534	103,114	3,863,817	7,706,645
Equipment	16,671	0	0	16,671	0	0	16,671	33,342
Debt Service	148,276	0	960,000	1,108,276	0	0	148,276	1,256,552
<b>Total Costs</b>	<b>\$8,019,712</b>	<b>\$498,651</b>	<b>\$1,098,884</b>	<b>\$9,617,247</b>	<b>\$553,235</b>	<b>\$132,776</b>	<b>\$8,705,723</b>	<b>\$18,322,970</b>
General Fund	7,616,656	498,862	76,387	8,191,905	553,446	70,649	8,240,751	16,432,656
State/Other Special	403,056	(211)	1,022,497	1,425,342	(211)	62,127	464,972	1,890,314
Federal Special	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$8,019,712</b>	<b>\$498,651</b>	<b>\$1,098,884</b>	<b>\$9,617,247</b>	<b>\$553,235</b>	<b>\$132,776</b>	<b>\$8,705,723</b>	<b>\$18,322,970</b>

### Program Description

The Motor Vehicle Division (MVD), under provision of Title 61 and Title 23, MCA, and certain federal statutes is responsible for: 1) examination and licensure of all drivers; 2) creation and maintenance of permanent driver and motor vehicle records; 3) titling and registration of all vehicles including boats, snowmobiles, and ATVs; 4) inspection and verification of vehicle identification numbers; 5) licensure and compliance control of motor vehicle dealers and manufacturers; and 6) providing motor voter registration.

### Funding

The Motor Vehicle Division is supported by approximately 90 percent general fund. The Motor Vehicle Division (MVD) has historically been funded with general fund. Because of the division's connection to the motoring public, Highways Special Revenue Account (HSRA) funds have at times been included as a funding source to relieve the general fund. In fiscal 1998, HSRA funds of \$403,056 were appropriated to MVD through HB 2 and the pay plan bill. The 2001 legislature approved moving approximately \$29,000 each year of HSRA funding from the Highway Patrol Division to MVD to free up general fund to be used for mail renewal notices. The legislature approved 100.0 percent general fund for all present law adjustments and new proposals for the 2003 biennium, due to the projected fund balance of HSRA in the 2003 biennium. For a further discussion of this account, see the Montana Department of Transportation narrative in Volume 3.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					359,562					388,087
Vacancy Savings					(125,912)					(126,766)
Inflation/Deflation					(154,493)					(153,949)
Fixed Costs					130,771					148,215
Total Statewide Present Law Adjustments					\$209,928					\$255,587
DP 696 - Data Network Fixed Cost Reduction										
	0.00	(5,357)	0	0	(5,357)	0.00	(5,433)	0	0	(5,433)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
	0.00	(15,229)	(211)	0	(15,440)	0.00	(15,269)	(211)	0	(15,480)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(65,335)	- 0	0	(65,335)	0.00	(65,620)	0	0	(65,620)
DP 1201 - Driver Licensing Base Budget Adjustments										
	0.00	200,870	0	0	200,870	0.00	204,676	0	0	204,676
DP 1202 - Title & Registration Base Budget Adjustment										
	0.00	182,029	0	0	182,029	0.00	187,549	0	0	187,549
DP 1205 - Non-Employee Travel										
	0.00	(8,044)	0	0	(8,044)	0.00	(8,044)	0	0	(8,044)
Total Other Present Law Adjustments										
	0.00	\$288,934	(\$211)	\$0	\$288,723	0.00	\$297,859	(\$211)	\$0	\$297,648
Grand Total All Present Law Adjustments					\$498,651					\$553,235

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1201 - Driver Licensing Base Budget Adjustments - The legislature approved the following adjustments:

1. \$5,000 each year for overtime;
2. \$173,200 per year for photographic services due to a new contract price of \$3.15 per driver license and identification card. The new contract provides for an improved production process, provides ten-year card durability, enhances security features to reduce fraud, provides receipts with photo identification, allows daily electronic data transfer, and improves data access for the courts and law enforcement;
3. \$23,530 per year for computer processing/DOA costs. These costs have increased due to bringing 16 driver licensing offices on-line so the daily data transfer of driver licensing data, photograph, and signature images can occur as required by the new contract for driver licensing and identification cards. This feature increased computer-processing time but reduced the turn around time for driver licenses and identification from eight weeks to one week;
4. \$7,152 each year for increased travel costs;
5. \$33,080 for rent increases in fiscal 2002 and \$36,786 in fiscal 2003; and

6. \$6,550 in fiscal 2002 and \$6,650 in fiscal 2003 for miscellaneous items.

Significant reductions include:

1. \$42,842 each year for one-time costs associated with the new Missoula location; and
2. \$4,800 each year for office equipment.

DP 1202 - Title & Registration Base Budget Adjustment - The legislature approved the following adjustments to the Title and Registration Bureau budget:

1. \$50,664 each year for annualization costs. The Title and Registration Bureau experienced a high rate of vacancies due to promotions and retirements (of 60.0 authorized FTE more than 20 positions were recruited and filled during fiscal 2000);
2. \$25,000 for overtime to manage the backlog in titling and registration;
3. \$4,200 each year for an increase in the janitorial contract;
4. \$1,850 each year for specialized security motor vehicle registration receipts;
5. \$7,700 each year to update rewiring in the county treasurer's office. There are 220 county network connections and \$7,700 would allow the rewiring of 44 sites per year. Therefore, to complete all 220 sites it will take five years;
6. \$12,067 each year for telephone and long distance to correct an accounting entry at fiscal year end that incorrectly reduced these expenditures;
7. \$1,223 each year to annually update the motor vehicle valuation database;
8. \$1,200 each year for travel increases;
9. \$3,465 in miscellaneous increases each year; and
10. \$79,360 in fiscal 2002 and \$84,880 in fiscal 2003 for increases in printing due to a new contract for printing license plate decals and an increase in the number of printed forms.

Reductions in the base budget include:

1. \$4,000 each year in legal fees; and
2. \$700 each year in advertising costs.

DP 1205 - Non-Employee Travel - The legislature approved a base adjustment that reduces non-employee travel by 50 percent.

New Proposals -----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 693 - Statewide Travel Reduction										
12	0.00	(31,502)	0	0	(31,502)	0.00	(31,502)	0	0	(31,502)
DP 1203 - Title and Registration Bureau Imaging Project										
12	0.00	131,500	0	0	131,500	0.00	131,500	0	0	131,500
DP 1207 - Fund Switch										
12	0.00	(29,349)	29,349	0	0	0.00	(29,349)	29,349	0	0
DP 1209 - HB577 - Motor Vehicle IT Account										
12	0.00	0	960,000	0	960,000	0.00	0	0	0	0
DP 1210 - SB 334 - Driver Rehabilitation and Improvement Prg										
12	1.00	0	33,148	0	33,148	1.00	0	32,778	0	32,778
DP 1211 - HB 124 - Computer Programming Costs										
12	0.00	5,738	0	0	5,738	0.00	0	0	0	0
<b>Total</b>	<b>1.00</b>	<b>\$76,387</b>	<b>\$1,022,497</b>	<b>\$0</b>	<b>\$1,098,884</b>	<b>1.00</b>	<b>\$70,649</b>	<b>\$62,127</b>	<b>\$0</b>	<b>\$132,776</b>

### New Proposals

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 10 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans. The legislature exempted transportation of prisoners; therefore, \$140,955 of general fund travel each year was exempted from the reduction.



DP 1203 - Title and Registration Bureau Imaging Project - The legislature approved general fund of \$263,000 for the 2003 biennium to contract for imaging services. The contract would include the equipment, software, and any other operating expenses necessary to operate the system. The Title and Registration Bureau (TRB) currently uses microfilm to film an average of two million documents each year - nearly 7,600 documents daily - and has an average backlog of 14 to 16 weeks in the microfilming unit. A document imaging system would require fewer FTE to process the 7,600 daily documents and allow imaged records to be accessed from the desktop. Overtime in DP 1202 was reduced by \$25,000 in anticipation that the FTE no longer needed for microfilming as a result of moving to imaging technology would then be used to address the backlog of title and registration issuances and lien filings. Backlogs in these areas are permanent, ranging from 14 to 16 weeks in the microfilming unit and six to eight weeks in titling and registration. Backlogs are temporarily controlled by asking employees to work overtime for extended periods of time and hiring temporary, short-term workers.

DP 1207 - Fund Switch - The Executive Budget removed funding for motor vehicle mail renewal notices. The legislature chose to fund this function by providing a funding switch from general fund to state special to provide a portion of the funding for the mail renewal notices. The following adjustments were made within divisions to provide funding for mail renewal notices with no overall increase to the department's budget:

1. decreased the amount allocated for prisoner per diem by \$40,000 each year in the Highway Patrol Division;
2. decreased the base budget expenditures for vehicles by \$40,000 each year in the Division of Criminal Investigations; and
3. decreased the amount of overtime for dispatch communication operators by \$29,349 state special revenue (highways state special revenue) each year in the Highway Patrol Division. The \$29,349 in highways state special revenue will be moved to the Motor Vehicle Division so a function normally funded with general fund can be funded with these state special revenues thereby freeing up \$29,349 in general fund each year for mail renewal notice.

In addition, the legislature approved an increase of \$38,395 general fund each year to provide the remainder of the funding for this function.

DP 1209 - HB577 - Motor Vehicle IT Account - HB 577 allows the department to borrow up to \$4.5 million from the Board of Investments for a motor vehicle title and registration system. The \$960,000 biennial appropriation of state special revenue is for debt service on the loan.

DP 1210 - SB 334 - Driver Rehabilitation and Improvement Program - The legislature approved 1.0 FTE and state special revenue for personal services and operating expenses to implement SB 334. SB 334 allows the department to contract for a driver rehabilitation and improvement program for individuals whose license is subject to suspension or revocation as a result of a violation of the traffic laws of this state or is revoked, and they have complied with certain criteria.

DP 1211 - HB 124 - Computer Programming Costs - The legislature appropriated general fund for programming and computer costs associated with HB 124 (the "Big Bill"). Programming is needed for the fee increases/decreases, distribution allocations, changes affecting licensing exemptions, and to provide the required statistics.

### Language

Item [Motor Vehicle Division] includes a reduction of general fund of \$31,502 in fiscal 2002 and \$31,502 in fiscal 2003. This reduction is the equivalent of a 10 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Motor Vehicle Division] includes \$5,748 of general fund in fiscal 2002 that is contingent upon passage and approval of HB 124.

Item [HB 577- Motor Vehicle IT Account] is contingent upon passage and approval of HB 577 and is for:

1. debt service payments or repayment of any loan incurred for the creation of a new information technology system for motor vehicles; or
2. payment of costs directly incurred in the creation and support of the new motor vehicle information technology system.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	270.55	3.00	(0.50)	273.05	3.00	(0.50)	273.05	273.05
Personal Services	11,435,943	939,257	14,321	12,389,521	1,090,458	13,946	12,540,347	24,929,868
Operating Expenses	4,479,609	426,691	14,326	4,920,626	471,934	12,073	4,963,616	9,884,242
Equipment	1,371,949	251,270	0	1,623,219	394,070	0	1,766,019	3,389,238
Transfers	0	0	150,000	150,000	0	150,000	150,000	300,000
<b>Total Costs</b>	<b>\$17,287,501</b>	<b>\$1,617,218</b>	<b>\$178,647</b>	<b>\$19,083,366</b>	<b>\$1,956,462</b>	<b>\$176,019</b>	<b>\$19,419,982</b>	<b>\$38,503,348</b>
General Fund	1,042,073	(2,294)	12,073	1,051,852	30,723	12,073	1,084,869	2,136,721
State/Other Special	15,552,254	1,498,192	16,574	17,067,020	1,797,706	13,946	17,363,906	34,430,926
Federal Special	693,174	121,320	150,000	964,494	128,033	150,000	971,207	1,935,701
<b>Total Funds</b>	<b>\$17,287,501</b>	<b>\$1,617,218</b>	<b>\$178,647</b>	<b>\$19,083,366</b>	<b>\$1,956,462</b>	<b>\$176,019</b>	<b>\$19,419,982</b>	<b>\$38,503,348</b>

### Program Description

The Highway Patrol Division (HPD) is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic accidents. The patrol gives assistance and information to motorists and first aid to those injured in traffic accidents, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies. The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection program in all levels of inspections as well as safety review audits.

### Funding

The Highway Patrol Division is funded primarily from the Highways State Special Revenue Account (HSRA), which receives most of its revenue from fuel taxes and gross vehicle weight (GVW) fees. The Motor Carrier Safety Assistance Program is funded with 85 percent federal funds from the U.S. Department of Transportation, combined with a 15 percent state match. Although the actual match requirement is 20 percent, utilizing highway patrol officers to conduct truck inspections for the federal government provides five percent of the match required. The remainder comes from highway special revenue funds. General fund was added by the 1999 legislature to fund prisoner per diem and related medical costs.

The HSRA has been experiencing a structural imbalance for several biennia. A committee was established by the 1997 legislature to review the account. Committee recommendations included funding activities within the Department of Justice not directly related to the enforcement of highway safety, such as prisoner per diem, through a source other than the HSRA. The 1999 legislature approved a funding switch of slightly more than \$1.0 million each year from highway state special revenue funds to general fund as a result of the committee recommendations. This account still faces a structural imbalance. For more information, see the Agency Discussion in the Department of Transportation document.



Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				861,531					1,018,780
Vacancy Savings				(339,825)					(344,543)
Inflation/Deflation				(1,973)					(1,672)
Fixed Costs				61,032					64,056
<b>Total Statewide Present Law Adjustments</b>				<b>\$580,765</b>					<b>\$736,621</b>
DP 699 - Vacancy Savings at 4 Percent									
0.00	0	(147,849)	(4,544)	(152,393)	0.00	0	(149,393)	(4,572)	(153,965)
DP 1301 - MHP Operating Base Adjustments									
0.00	22,271	931,432	0	953,703	0.00	55,288	1,078,807	0	1,134,095
DP 1302 - MCSAP Base Adjustments									
0.00	0	17,869	126,036	143,905	0.00	0	18,734	129,497	148,231
DP 1303 - Recruit School Base Adjustments									
0.00	0	17,729	0	17,729	0.00	0	17,729	0	17,729
DP 1305 - Communications Operators									
3.00	0	73,509	0	73,509	3.00	0	73,751	0	73,751
<b>Total Other Present Law Adjustments</b>									
3.00	\$22,271	\$892,690	\$121,492	\$1,036,453	3.00	\$55,288	\$1,039,628	\$124,925	\$1,219,841
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,617,218</b>					<b>\$1,956,462</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

**DP 1301 - MHP Operating Base Adjustments** - The legislature approved the following requests made by the division:

1. \$491,487 to cover increases in regular and special overtime for uniformed personnel. (The legislature reduced the original request of \$520,826 by \$29,349 each year. Because the legislature approved 3.0 new FTE for communication centers, the overtime attributed to this group was reduced by one-half. This amount was transferred to MVD to free up general fund in that division to fund the mail renewal notices.) Funds for regular overtime in fiscal 2000 ran out in mid-February and uniformed personnel had to switch to compensatory time. Approximately \$108,000 of the increase is for special overtime, which is paid to uniformed personnel for traffic control in the production of movies, DUI Task Force activities, construction zones, and other emergencies. These costs are reimbursed by the "employing" organization and have no impact on the gas tax fund;
2. \$22,271 in fiscal 2002 and \$55,288 in fiscal 2003 for prisoner per diem costs. (The legislature reduced the original request by \$40,000 general fund each year to fund the mail renewal notices in MVD). Prisoner per diem is the cost the Highway Patrol pays to board prisoners in county detention facilities. The MHP spent \$1,017,508 for approximately 21,062 days of prisoner per diem in fiscal 2000;
3. \$101,522 per year for gasoline costs. The department estimates that the average cost of a gallon of gasoline will increase from \$1.30 to \$1.52. The Highway Patrol spent \$524,514 on gasoline in fiscal 2000;
4. \$38,823 in state special gas tax each year to provide subsistence. Subsistence is paid in lieu of all claims for monthly telephone allowance, specified meal allowances, and other miscellaneous costs. The MHP spent \$400,587 in fiscal 2000;
5. \$4,562 each year to cover the increase in the state-approved in-state rate for lodging for the months of June, July, August, and September;

6. \$51,380 in fiscal 2002 and \$60,281 in fiscal 2003 for increases in rent. The division has rental agreements for office space (headquarters, districts, and detachments), aircraft hangar space, radio shop space, and radio tower sites. Increases in the fiscal 2000 base are due to renegotiated leases or new leases; and
7. \$243,658 in fiscal 2002 and \$382,132 in fiscal 2003 in state special gas tax funds for patrol vehicles. Vehicles are surplused when mileage reaches levels between 85,000 and 100,000+. The budget includes funds to replace 63 vehicles each year (one-third of the fleet). The request anticipates an increase in cost per vehicle of approximately 9 percent per year. The average vehicle cost in fiscal 2000 was \$20,551. The MHP is projecting vehicles to cost \$22,401 in fiscal 2001, \$24,418 in fiscal 2002 and \$26,616 in fiscal 2003. The MHP spent \$1,294,676 on vehicles in the base year.

DP 1302 - MCSAP Base Adjustments - The Motor Vehicle Inspection Bureau (Motor Carrier Safety Assistance Program) is required to perform inspections on commercial motor vehicles and compliance reviews on motor carriers, subject to federal and state regulations. The legislature approved the following increases:

1. \$1,735 each year for overtime costs associated with performing critical duties such as working strike forces for safety checks in high volume crash areas, accident investigations, and meeting training requirements;
2. \$54,558 in federal authority per year to maintain the fiscal 2000 inspection activity level. During the 2001 biennium, the MHP had to receive one-time-only additional federal authority to bill the Federal Highway Administration for all of the inspections performed in fiscal 2000;
3. \$64,000 per year (80 percent federal and 20 percent state special gas tax) in support of providing training to agencies and individuals involved in the Commercial Motor Vehicle Inspection Program. The additional funds will provide training courses to a greater number of individuals and offer the courses more than once each year;
4. \$16,000 per year to cover the costs of minor tools, instruments, and equipment as more officers from different agencies are being trained to perform inspections for the MCSAP; and
5. \$7,612 in fiscal 2002 and \$11,938 in fiscal 2003 in order to replace two MCSAP vans. Industry representatives informed the MHP that the increase in cost for these vehicles is 9.0 percent per year. The MHP spent \$20,229 each for these vehicles in fiscal 2000.

DP 1303 - Recruit School Base Adjustments - On an annual basis, the Highway Patrol conducts a Recruit Training School to train new recruits who will fill vacancies. The Recruit Training School consists of 14 weeks of on-campus training and 8 weeks of field training. Increased funding was approved to cover the rising costs of lodging. The department also expects to increase the number of recruits attending the academy from the number who attended during the base year. The department goal is to send 25 recruits to the academy, but in fiscal 2000 only 17 met the eligibility requirements. The legislature approved \$35,458 in state special gas tax to cover these costs for the biennium.

DP 1305 - Communications Operators - The Montana Highway Patrol operates three 24-hour, seven-days-a-week communication (dispatch) centers, which are located in Billings, Helena, and Missoula. Since 1991, they have experienced a 163 percent increase in radio transmissions and an 84 percent increase in the number of telephone calls received. The legislature approved funding the requested 3.0 FTE (grade 10) to address the workload increase.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction										
13	(1.00)	0	0	0	0	(1.00)	0	0	0	0
DP 1306 - Legislative Contract Authority										
13	0.00	0	0	150,000	150,000	0.00	0	0	150,000	150,000
DP 1310 - SB 358 - Access to Traffic Accident Reports										
13	0.50	0	16,574	0	16,574	0.50	0	13,946	0	13,946
DP 1311 - HB 256 - Reckless or Careless Driving										
13	0.00	12,073	0	0	12,073	0.00	12,073	0	0	12,073
<b>Total</b>	<b>(0.50)</b>	<b>\$12,073</b>	<b>\$16,574</b>	<b>\$150,000</b>	<b>\$178,647</b>	<b>(0.50)</b>	<b>\$12,073</b>	<b>\$13,946</b>	<b>\$150,000</b>	<b>\$176,019</b>

**New Proposals**

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 1306 - Legislative Contract Authority - The legislature approved legislative contract authority of \$300,000 over the biennium in the event grants are received.

DP 1310 - SB 358 - Access to Traffic Accident Reports - SB 358 provides for general public access to motor vehicle accident reports and supplemental information for the purpose of research into the history of vehicles. The legislature approved state special revenue funds and a 0.5 FTE grade 10.

DP 1311 - HB 256 - Reckless or Careless Driving - HB 256 increases the penalty for the offense of careless or reckless driving resulting in the death or serious bodily injury of another person. The legislature approved funding for the increased cost of confining persons arrested due to HB 256.

**Language**

Item [SB 358 - Access to Traffic Accident Reports] is contingent upon passage and approval of SB 358.

Item [HB 256 - Reckless or Careless Driving] is contingent upon passage and approval of HB 256.

There is appropriated from the highway patrol retirement clearing account for payments to the Montana Highway Patrol pension fund the amount required for this transfer, not to exceed \$1,500,000 for each fiscal year.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	60.50	0.00	0.00	60.50	0.00	0.00	60.50	60.50
Personal Services	2,608,277	122,361	0	2,730,638	138,513	0	2,746,790	5,477,428
Operating Expenses	1,001,227	64,054	0	1,065,281	69,265	0	1,070,492	2,135,773
Equipment	79,503	(59,845)	0	19,658	(59,845)	0	19,658	39,316
Transfers	0	0	150,000	150,000	0	150,000	150,000	300,000
Debt Service	275	0	0	275	0	0	275	550
<b>Total Costs</b>	<b>\$3,689,282</b>	<b>\$126,570</b>	<b>\$150,000</b>	<b>\$3,965,852</b>	<b>\$147,933</b>	<b>\$150,000</b>	<b>\$3,987,215</b>	<b>\$7,953,067</b>
General Fund	2,214,742	92,580	0	2,307,322	106,799	0	2,321,541	4,628,863
State/Other Special	355,806	(7,703)	(30,546)	317,557	(6,458)	(30,546)	318,802	636,359
Federal Special	1,118,734	41,239	180,546	1,340,519	47,136	180,546	1,346,416	2,686,935
<b>Total Funds</b>	<b>\$3,689,282</b>	<b>\$126,116</b>	<b>\$150,000</b>	<b>\$3,965,398</b>	<b>\$147,477</b>	<b>\$150,000</b>	<b>\$3,986,759</b>	<b>\$7,952,157</b>

### Program Description

The Division of Criminal Investigation (DCI) includes the administration, management, and coordination of criminal investigative services performed by the Investigations Bureau, the Narcotics Bureau, and the Fire Prevention and Investigation Bureau. Criminal investigators conduct investigations of homicide, fraud, robbery, assault, corruption, arson, organized crime, dangerous drug activity, and other felony crimes. The program activity includes investigating state agencies as well as providing investigative training to law enforcement officers. The division also has specialized criminal investigation units for the following fraud investigations: 1) Workers' Compensation; 2) welfare; 3) Medicaid; and 4) legislative audits. The Fire Prevention and Investigation Bureau is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement functions. The Division of Criminal Investigation operates under state and federal mandates.

### Funding

General fund is the primary funding source for the Fire Prevention and Investigation Bureau and for general criminal investigations, and it also supplies the match for welfare and Medicaid fraud investigations. General fund supports the eastern narcotics investigation effort and provides match for the western effort. Federal funds are the major source of funding for the western narcotic investigation efforts, with a match from the general fund.

The state fund account supports State Fund fraud investigations and prosecutions.

Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				204,414						221,238
Vacancy Savings				(77,796)						(78,302)
Inflation/Deflation				(707)						(214)
Fixed Costs				43,748						47,094
<b>Total Statewide Present Law Adjustments</b>				<b>\$169,659</b>						<b>\$189,816</b>
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(4,795)	(528)	(3,157)	(8,480)	0.00	(4,808)	(529)	(3,166)	(8,503)
DP 699 - Vacancy Savings at 4 Percent	0.00	(22,220)	(2,826)	(9,665)	(34,711)	0.00	(22,332)	(2,836)	(9,711)	(34,879)
DP 1840 - DCI Operating Base Adjustments	0.00	42,854	5,221	30,086	78,161	0.00	43,766	5,389	30,401	79,556
DP 1845 - Vehicles Base Budget Reduction	0.00	(74,845)	0	0	(74,845)	0.00	(74,845)	0	0	(74,845)
DP 1846 - Non-Employee Travel	0.00	(3,668)	0	0	(3,668)	0.00	(3,668)	0	0	(3,668)
<b>Total Other Present Law Adjustments</b>				<b>0.00</b>	<b>(\$62,674)</b>	<b>\$1,867</b>	<b>\$17,264</b>	<b>(\$43,543)</b>	<b>0.00</b>	<b>(\$61,887)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$126,116</b>		<b>\$2,024</b>	<b>\$17,524</b>	<b>(\$42,339)</b>		<b>\$147,477</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1840 - DCI Operating Base Adjustments - The legislature approved:

1. \$30,000 for overtime costs;
2. an annual increase of \$10,000 in order to procure consulting services. The Division of Criminal Investigation (DCI) has experienced an increase in the number of requests from local governments to conduct financial investigations. The investigations often require the assistance of a professional auditor who works in conjunction with an investigator. The base expenditures in this category are \$128,292;
3. \$15,000 each year to access the Criminal Justice Information Network (CJIN) to obtain criminal history information. Fees collected from users fund CJIN. DCI has never been budgeted to pay for these fees;
4. \$50,262 in fiscal 2002 and \$51,657 in fiscal 2003 to support increases in rent;
5. \$15,000 each year for vehicles. The criminal investigators and Deputy State Fire Marshal each drive 20,000 to 25,000 miles per year. DP 1845 reduced the base budget for vehicles by \$74,845 each year; and
6. a reduction of \$42,101 each year in one-time-only costs for office supplies and minor equipment.

DP 1845 - Vehicles Base Budget Reduction - The legislature approved the removal of \$74,845 from the base budget for vehicles each year.

DP 1846 - Non-Employee Travel - This is a base adjustment which reduces non-employee travel by 50 percent.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1842 - Criminal Investigator Funding Switch										
18	0.00	0	(45,546)	45,546	0	0.00	0	(45,546)	45,546	0
DP 1844 - DCI Legislative Contract Authority										
18	0.00	0	15,000	135,000	150,000	0.00	0	15,000	135,000	150,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$30,546)</b>	<b>\$180,546</b>	<b>\$150,000</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$30,546)</b>	<b>\$180,546</b>	<b>\$150,000</b>

### New Proposals

DP 1842 - Criminal Investigator Funding Switch - The legislature approved a funding switch of \$91,092 for the biennium from state special revenue to federal authority to support funding the services of a criminal investigator. The division will seek alternative funding through federal law enforcement grants. Currently the division has three criminal investigators. They are located in Billings and are responsible for providing investigative assistance to local law enforcement agencies in Eastern Montana. The state compensation insurance fund supports one investigator. As a result of a decrease in the level of state fund fraud activity, funding for one of these investigative positions will be lost, which the division plans to replace with federal funds.

DP 1844 - DCI Legislative Contract Authority - The legislature approved \$135,000 in Legislative Contract Authority federal funds each year and \$15,000 in state special funds each year.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	21.30	0.75	0.00	22.05	0.75	0.00	22.05	22.05
Personal Services	1,556,508	139,243	0	1,695,751	193,086	0	1,749,594	3,445,345
<b>Total Costs</b>	<b>\$1,556,508</b>	<b>\$139,243</b>	<b>\$0</b>	<b>\$1,695,751</b>	<b>\$193,086</b>	<b>\$0</b>	<b>\$1,749,594</b>	<b>\$3,445,345</b>
General Fund	1,556,508	139,243	0	1,695,751	193,086	0	1,749,594	3,445,345
<b>Total Funds</b>	<b>\$1,556,508</b>	<b>\$139,243</b>	<b>\$0</b>	<b>\$1,695,751</b>	<b>\$193,086</b>	<b>\$0</b>	<b>\$1,749,594</b>	<b>\$3,445,345</b>

### Program Description

The County Attorney Payroll Program pays half of the salary and benefits of the 56 county attorneys.

### Funding

The County Attorney Payroll Program is entirely funded by the general fund, as required by Section 7-4-2502, MCA.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				36,970					36,971
Vacancy Savings				0					0
<b>Total Statewide Present Law Adjustments</b>				<b>\$36,970</b>					<b>\$36,971</b>
DP 699 - Vacancy Savings at 4 Percent	0.00	(624)	0	0	(624)	0.00	(626)	0	0
DP 1901 - County Attorney Adjustments	0.75	102,897	0	0	102,897	0.75	156,741	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.75</b>	<b>\$102,273</b>	<b>\$0</b>	<b>\$0</b>	<b>\$102,273</b>	<b>0.75</b>	<b>\$156,115</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$139,243</b>					<b>\$193,086</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1901 - County Attorney Adjustments - The legislature approved three adjustments that will affect some or all county attorneys. State law allows counties to compensate for longevity. State law also provides for an annual cost-of-living adjustment (COLA), and allows counties to change the status of the county attorney from part-time to full-time or vice versa. The legislature approved \$259,638 during the 2003 biennium to make these adjustments.

Sweetgrass County will move their county attorney from part- to full-time. Golden Valley and Musselshell counties currently share one full-time attorney. A second full-time attorney will be hired, allowing each county its own attorney. The state will pay for half of this increase. Section 7-4-2503, MCA, establishes the calculation for county attorneys' salary levels and allows counties to grant COLA increases to county attorneys. The COLA adjustment for county officials' salaries, as determined by the Bureau of Business and Economic Research at the University of Montana, amounts to 2.2 percent annually.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	11.50	1.00	0.00	12.50	1.00	0.00	12.50	12.50
Personal Services	432,818	55,933	0	488,751	58,305	0	491,123	979,874
Operating Expenses	521,136	112,357	0	633,493	95,349	0	616,485	1,249,978
Capital Outlay	0	0	0	0	0	0	0	0
Transfers	0	0	150,000	150,000	0	150,000	150,000	300,000
Debt Service	79,484	2,600	0	82,084	2,600	0	82,084	164,168
<b>Total Costs</b>	<b>\$1,033,438</b>	<b>\$170,890</b>	<b>\$150,000</b>	<b>\$1,354,328</b>	<b>\$156,254</b>	<b>\$150,000</b>	<b>\$1,339,692</b>	<b>\$2,694,020</b>
General Fund	1,033,438	71,283	0	1,104,721	56,532	0	1,089,970	2,194,691
State/Other Special	0	0	50,000	50,000	0	50,000	50,000	100,000
Federal Special	0	99,607	100,000	199,607	99,722	100,000	199,722	399,329
<b>Total Funds</b>	<b>\$1,033,438</b>	<b>\$170,890</b>	<b>\$150,000</b>	<b>\$1,354,328</b>	<b>\$156,254</b>	<b>\$150,000</b>	<b>\$1,339,692</b>	<b>\$2,694,020</b>

### Program Description

The Montana Law Enforcement Academy provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel. The academy provides an annual curriculum specifically designed to meet the needs of the adult and juvenile criminal justice systems.

### Funding

The Law Enforcement Academy is funded primarily with general fund, but also uses some state and federal grant monies. The academy charges tuition for certain classes, particularly specialized courses. All tuition fees are deposited to the general fund. Revenues to the general fund in fiscal 2000 were approximately \$141,900, or 13.7 percent of the total cost.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				41,817					44,168
Vacancy Savings				(12,859)					(12,929)
Inflation/Deflation				6,510					4,524
Fixed Costs				1,078					2,456
<b>Total Statewide Present Law Adjustments</b>				<b>\$36,546</b>					<b>\$38,219</b>
DP 699 - Vacancy Savings at 4 Percent	0.00	(6,233)	0	(6,233)	0.00	(6,257)	0	0	(6,257)
DP 2201 - Academy Base Adjustments	0.00	40,970	0	40,970	0.00	24,570	0	0	24,570
DP 2206 - Stop Violence Against Women Grant	1.00	0	0	99,607	1.00	0	0	99,722	99,722
<b>Total Other Present Law Adjustments</b>	<b>1.00</b>	<b>\$34,737</b>	<b>\$0</b>	<b>\$99,607</b>	<b>1.00</b>	<b>\$18,313</b>	<b>\$0</b>	<b>\$99,722</b>	<b>\$118,035</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$170,890</b>					<b>\$156,254</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 2201 - Academy Base Adjustments - The legislature approved the funding detailed below:

1. \$14,000 in support of procuring contracted services for each year of the biennium, and \$8,000 per year for supplies and non-employee travel. These funds will help address fluctuations in attendance rates for officers hired by local law enforcement agencies and required to attend the Academy for basic training. The 1999 legislature appropriated this amount annually and the division reverted the funds in fiscal 2000;
2. \$10,420 for contracted services, to increase the hourly rate paid to contracted instructors from \$12.50 per hour to \$14.00, and to restore \$3,880 in funding that was supported by federal grant monies in fiscal 2000;
3. \$2,250 per year to cover an increase in the food service contract;
4. \$3,700 each year to meet increased utility costs;
5. \$2,600 each year to lease a larger tractor; and
6. a reduction of \$16,400 in fiscal 2003 for costs associated with DARE. The Academy provides DARE training every two years, in even-numbered years.

DP 2206 - Stop Violence Against Women Grant - Since 1996, the Academy has received an annual grant from the Montana Board of Crime Control, designated to help stop violence against women. This grant funds a partnership between the Law Enforcement Academy and the Montana Coalition Against Sexual and Domestic Violence. The grant funds a training officer at the academy and advanced training facilitated by the coalition.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2207 - Academy LCA										
22	0.00	0	50,000	100,000	150,000	0.00	0	50,000	100,000	150,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$100,000</b>	<b>\$150,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$100,000</b>	<b>\$150,000</b>

**New Proposals**

DP 2207 - Academy LCA - The legislature approved Legislative Contract Authority of \$100,000 in federal funds and \$50,000 state special funds each year.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	13.25	1.00	0.00	14.25	1.00	0.00	14.25	14.25
Personal Services	468,305	83,724	0	552,029	87,318	0	555,623	1,107,652
Operating Expenses	122,664	29,982	0	152,646	(37,216)	0	85,448	238,094
<b>Total Costs</b>	<b>\$590,969</b>	<b>\$113,706</b>	<b>\$0</b>	<b>\$704,675</b>	<b>\$50,102</b>	<b>\$0</b>	<b>\$641,071</b>	<b>\$1,345,746</b>
General Fund	254,296	48,380	0	302,676	21,030	0	275,326	578,002
State/Other Special	324,913	62,982	0	387,895	28,001	0	352,914	740,809
Proprietary	11,760	2,344	0	14,104	1,071	0	12,831	26,935
<b>Total Funds</b>	<b>\$590,969</b>	<b>\$113,706</b>	<b>\$0</b>	<b>\$704,675</b>	<b>\$50,102</b>	<b>\$0</b>	<b>\$641,071</b>	<b>\$1,345,746</b>

### Program Description

The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the County Attorney Payroll.

### Funding

The Central Services Division (CSD) is funded by an allocation from the four major funds that support the Department of Justice, in proportion to total budgeted costs.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				80,123					83,782
Vacancy Savings				(15,072)					(15,182)
Inflation/Deflation				96					279
Fixed Costs				23,579					(36,782)
<b>Total Statewide Present Law Adjustments</b>				<b>\$88,726</b>					<b>\$32,097</b>
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	(2,137)	(2,623)	0	(4,857)*	0.00	(2,146)	(2,634)	0	(4,877)*
DP 699 - Vacancy Savings at 4 Percent									
0.00	(3,275)	(4,190)	0	(7,617)*	0.00	(3,292)	(4,212)	0	(7,657)*
DP 2802 - CSD Additional Staff									
1.00	16,106	20,599	0	37,454*	1.00	13,132	16,797	0	30,539*
<b>Total Other Present Law Adjustments</b>									
1.00	<b>\$10,694</b>	<b>\$13,786</b>	<b>\$0</b>	<b>\$24,980*</b>	1.00	<b>\$7,694</b>	<b>\$9,951</b>	<b>\$0</b>	<b>\$18,005*</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$113,706*</b>					<b>\$50,102*</b>

\* "Total Funds" amount may include dollars from funds other than general fund, state special fund, and federal special funds (i.e., proprietary).

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 2802 - CSD Additional Staff - The legislature approved funding for 1.0 FTE (grade 11) and the associated operating expenses needed to support the position. The position will work in the accounting section. The CSD provides overhead services to all divisions within the department.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	46.00	1.00	(2.00)	45.00	1.00	(2.00)	45.00	45.00
Personal Services	1,576,351	333,583	(220,960)	1,688,974	344,463	(221,737)	1,699,077	3,388,051
Operating Expenses	1,497,674	97,397	0	1,595,071	101,050	0	1,598,724	3,193,795
Equipment	169,589	0	0	169,589	0	0	169,589	339,178
Transfers	0	0	300,000	300,000	0	300,000	300,000	600,000
Debt Service	384,972	0	0	384,972	0	0	384,972	769,944
<b>Total Costs</b>	<b>\$3,628,586</b>	<b>\$430,980</b>	<b>\$79,040</b>	<b>\$4,138,606</b>	<b>\$445,513</b>	<b>\$78,263</b>	<b>\$4,152,362</b>	<b>\$8,290,968</b>
General Fund	2,486,200	435,155	(220,960)	2,700,395	449,719	(221,737)	2,714,182	5,414,577
State/Other Special	657,371	(970)	0	656,401	(984)	0	656,387	1,312,788
Federal Special	474,801	(3,190)	300,000	771,611	(3,207)	300,000	771,594	1,543,205
Proprietary	10,214	(15)	0	10,199	(15)	0	10,199	20,398
<b>Total Funds</b>	<b>\$3,628,586</b>	<b>\$430,980</b>	<b>\$79,040</b>	<b>\$4,138,606</b>	<b>\$445,513</b>	<b>\$78,263</b>	<b>\$4,152,362</b>	<b>\$8,290,968</b>

### Program Description

The Information Technology Services Division provides a full range of information technology and criminal justice services for the Department of Justice including: 1) system development and maintenance of the motor vehicle registration system; 2) the driver history system; 3) the Criminal History Record Information and Montana Uniform Crime Reporting systems; 4) support for the Department of Justice computer system; 5) identification services for the criminal justice community through criminal history record checking and fingerprint processing; and 6) system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files.

### Funding

General fund is the primary funding source for the Information Technology Services Division. Fees generated by the Criminal Justice Information Network (CJIN) partially support the operating costs of the CJIN network, as do some federal funds. In fiscal 2000, fees of \$508,656 were collected from 107 users comprised of state agencies, cities, counties, and federal agencies. Approximately 4.6 percent, or \$23,700, of the amount collected from state agencies was a general fund cost.



Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				413,515					424,850	
Vacancy Savings				(54,810)					(55,151)	
Inflation/Deflation				(6,712)					(6,116)	
Fixed Costs				64,742					67,920	
<b>Total Statewide Present Law Adjustments</b>				<b>\$416,735</b>					<b>\$431,503</b>	
DP 696 - Data Network Fixed Cost Reduction	0.00	(3,671)	(970)	(701)	(5,357)*	0.00	(3,723)	(984)	(710)	(5,432)*
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(11,311)	0	(2,489)	(13,800)	0.00	(11,349)	0	(2,497)	(13,846)
DP 699 - Vacancy Savings at 4 Percent	0.00	(25,122)	0	0	(25,122)	0.00	(25,236)	0	0	(25,236)
DP 2901 - ITSD Base Adjustments	0.00	58,524	0	0	58,524	0.00	58,524	0	0	58,524
DP 2902 - Administrative FTE	1.00	0	0	0	0	1.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>	<b>1.00</b>	<b>\$18,420</b>	<b>(\$970)</b>	<b>(\$3,190)</b>	<b>\$14,245*</b>	<b>1.00</b>	<b>\$18,216</b>	<b>(\$984)</b>	<b>(\$3,207)</b>	<b>\$14,010*</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$430,980*</b>					<b>\$445,513*</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 696 - Data Network Fixed Cost Reduction** - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

**DP 698 - Rent Reduction - Use of Capitol Land Grant** - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

**DP 2901 - ITSD Base Adjustments** - The legislature approved funds to out-source certain information technology (IT) projects, such as programming and program maintenance. Funds were also provided for increased travel and training expenses. Approved increases are detailed below:

1. \$34,967 each year to procure contracted services that would allow the division to keep up with the department's programming needs. An additional \$8,000 was approved for an intern to cover the help desk on weekends in the Customer Services Bureau;
2. \$2,000 each year to support increased travel resulting from the expansion of the Criminal Justice Information System Network. This has led to greater demands on audit and support staff;
3. \$23,500 per year for education and training. Fully qualified people have not been found to fill IT positions. These positions include programmer analysts, LAN (Local Area Network) managers, and database administrators. As a result, training assignments have been utilized. In order to complete a training assignment, employees attend specialized training courses costing between \$600 and \$1,500 per course. The funding will provide \$13,500 per year for nine Support Services Bureau members (LAN managers, a network coordinator, and a database administrator) to

attend one week of technical training. An additional \$10,000 per year is included to cover training assignments and other specialized training for the Development Services Bureau for project managers and programmer analysts; and

4. a decrease of \$9,943 per year for one-time-only rent costs.

DP 2902 - Administrative FTE - The legislature approved the addition of 1.0 FTE requested to handle general office duties, but provided no funding. In fiscal 2000, a clerical position was reclassified to an administrative officer position, and was given the responsibilities of budget, fiscal, and personnel oversight. The general office duties were then contracted out to Express Services. This position has continued to perform the duties associated with the day-to-day operation of the division including such tasks as answering the telephone, distributing mail, maintaining the meeting schedule for the conference room, making travel arrangements and filing. The legislature approved discontinuing contracted services and filling the position on a permanent basis.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 684 - Personal Services Reduction-District Court Judges										
29	0.00	(64,500)	0	0	(64,500)	0.00	(64,500)	0	0	(64,500)
DP 685 - Personal Services Reduction for DOR Auditors										
29	0.00	(28,568)	0	0	(28,568)	0.00	(28,901)	0	0	(28,901)
DP 689 - FTE Reduction										
29	(2.00)	0	0	0	0	(2.00)	0	0	0	0
DP 691 - Personal Services General Fund Reduction										
29	0.00	(127,892)	0	0	(127,892)	0.00	(128,336)	0	0	(128,336)
DP 2903 - ITSD Legislative Contract Authority										
29	0.00	0	0	300,000	300,000	0.00	0	0	300,000	300,000
<b>Total</b>	<b>(2.00)</b>	<b>(\$220,960)</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$79,040</b>	<b>(2.00)</b>	<b>(\$221,737)</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$78,263</b>

### New Proposals

DP 684 - Personal Services Reduction-District Court Judges - The legislature approved a reduction in general fund personal services to provide funds for a judge in Ravalli and Cascade Counties, as provided for in HB 214. The reduction in general fund is associated with the vacant positions discussed in DP 689 below.

DP 685 - Personal Services Reduction for DOR Auditors - The legislature approved a reduction in general fund personal services to provide funds for salary upgrades for Department of Revenue auditors. The reduction in general fund is associated with the vacant positions discussed in DP 689 below.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. This decision package did not reduce funds for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium. (DP's 684 and 685 above reduced the funds for the 2003 biennium.)

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

DP 2903 - ITSD Legislative Contract Authority - The legislature approved legislative contract authority of \$600,000 over the biennium in the event federal grants are received.

### Language

Item [Information Technology Services Division] includes a reduction of \$127,892 general fund in fiscal 2002 and \$128,336 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	164,479	13,245	(177,724)	0	14,457	(178,936)	0	0
<b>Total Costs</b>	<b>\$164,479</b>	<b>\$13,245</b>	<b>(\$177,724)</b>	<b>\$0</b>	<b>\$14,457</b>	<b>(\$178,936)</b>	<b>\$0</b>	<b>\$0</b>
General Fund	164,479	13,245	(177,724)	0	14,457	(178,936)	0	0
<b>Total Funds</b>	<b>\$164,479</b>	<b>\$13,245</b>	<b>(\$177,724)</b>	<b>\$0</b>	<b>\$14,457</b>	<b>(\$178,936)</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Extradition and Transportation of Prisoners Program reimburses county sheriffs for allowable expenses associated with transporting prisoners to Montana detention centers and for expenses of extraditing prisoners to Montana. Until SB 328 was passed and approved, expenditures for this program were overseen by the Governor's Office and bills were paid by the Department of Justice. With the passage of SB 328, the entire program and duties were moved to the Governor's Office.

### Funding

This program is funded entirely by the general fund.

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 3001 - TOP Base Adjustments	0.00	13,245	0	0	13,245	0.00	14,457	0	0	14,457
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$13,245</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,245</b>	<b>0.00</b>	<b>\$14,457</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,457</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$13,245</b>					<b>\$14,457</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3001 - TOP Base Adjustments - The legislature approved a three percent inflationary increase for the shuttle coordinator contract, at a cost of \$1,178 in fiscal 2002 and \$2,390 in fiscal 2003. In addition, based on cost increases experienced in fiscal 2000, the legislature approved an additional \$12,067 each year.

New Proposals										
-----Fiscal 2002-----					-----Fiscal 2003-----					
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 3002 - SB 328 - Transfer Program to Governor's Office										
30	0.00	(177,724)	0	0	(177,724)	0.00	(178,936)	0	0	(178,936)
<b>Total</b>	<b>0.00</b>	<b>(\$177,724)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$177,724)</b>	<b>0.00</b>	<b>(\$178,936)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$178,936)</b>



**New Proposals**

DP 3002 - SB 328 - Transfer Program to Governor's Office - SB 328 moves the Extradition and Transportation of Prisoners program from the Department of Justice to the Governor's Office.

**Language**

If SB 328 is not passed and approved, the Extradition and Transportation of Prisoners program will remain in the Department of Justice as Program 30 and there is appropriated \$177,724 of general fund in fiscal 2002 and \$178,936 of general fund in fiscal 2003. In addition, if SB 328 is not passed and approved, the amendment to the reference copy of [this act] striking the language accompanying the Extradition and Transportation of Prisoners program in the Department of Justice is void. (Note: SB 328 was passed and approved.)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	24.00	0.00	0.50	24.50	0.00	0.50	24.50	24.50
Personal Services	1,261,709	59,721	27,470	1,348,900	66,351	27,563	1,355,623	2,704,523
Operating Expenses	891,512	110,544	24,150	1,026,206	100,633	24,150	1,016,295	2,042,501
Equipment	82,807	37,386	0	120,193	30,386	0	113,193	233,386
Transfers	0	0	100,000	100,000	0	100,000	100,000	200,000
Debt Service	3,033	0	0	3,033	0	0	3,033	6,066
<b>Total Costs</b>	<b>\$2,239,061</b>	<b>\$207,651</b>	<b>\$151,620</b>	<b>\$2,598,332</b>	<b>\$197,370</b>	<b>\$151,713</b>	<b>\$2,588,144</b>	<b>\$5,186,476</b>
General Fund	1,886,174	171,660	51,620	2,109,454	161,079	51,713	2,098,966	4,208,420
State/Other Special	303,202	3	0	303,205	3	0	303,205	606,410
Federal Special	49,685	35,988	100,000	185,673	36,288	100,000	185,973	371,646
<b>Total Funds</b>	<b>\$2,239,061</b>	<b>\$207,651</b>	<b>\$151,620</b>	<b>\$2,598,332</b>	<b>\$197,370</b>	<b>\$151,713</b>	<b>\$2,588,144</b>	<b>\$5,186,476</b>

### Program Description

The Forensic Science Division, which includes the State Crime Lab in Missoula and the State Medical Examiner, provides for a statewide system of death investigation, forensic science training, and scientific criminal investigation and analysis for specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, tool marks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood, breath, and urine samples in connection with driving under the influence of alcohol or drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

### Funding

The Forensic Science Division is funded primarily from the general fund. The division receives approximately \$300,000 annually from the earmarked alcohol tax for laboratory testing and intoxilizer equipment repair, which is done at the lab in support of the DUI Enforcement Program. An on-going federal grant supports two chemists and meets the related operating costs; this grant requires a 25 percent general fund match.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				114,780					121,687
Vacancy Savings				(38,639)					(38,847)
Inflation/Deflation				(209)					(171)
Fixed Costs				32,474					34,525
<b>Total Statewide Present Law Adjustments</b>				<b>\$108,406</b>					<b>\$117,194</b>
DP 699 - Vacancy Savings at 4 Percent									
0.00	(16,420)	0	0	(16,420)	0.00	(16,489)	0	0	(16,489)
DP 3201 - FSD Base Adjustments									
0.00	187,642	0	0	187,642	0.00	180,642	0	0	180,642
DP 3202 - Lab Accreditation									
0.00	12,000	0	0	12,000	0.00	0	0	0	0
DP 3205 - Laboratory Equipment Reduction									
0.00	(82,807)	0	0	(82,807)	0.00	(82,807)	0	0	(82,807)
DP 3206 - Non-Employee Travel									
0.00	(1,170)	0	0	(1,170)	0.00	(1,170)	0	0	(1,170)
<b>Total Other Present Law Adjustments</b>									
0.00	<b>\$99,245</b>	<b>\$0</b>	<b>\$0</b>	<b>\$99,245</b>	0.00	<b>\$80,176</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,176</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$207,651</b>					<b>\$197,370</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature.

"Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 3201 - FSD Base Adjustments - The Forensic Science Division moved from its former location at the St. Patrick's Hospital in Missoula to interim space at the old Loyola High School Building, the University of Montana, and the Sunset Funeral Home. When construction was completed, there was a second move to the new laboratory at 2679 Palmer. Normal laboratory operations were disrupted as a result of the new move, and a number of base adjustments were approved to return to a normal operating budget level. Some adjustments include a decrease in budget categories due to one-time-only, unexpected expenditures. Other categories show increases caused by the moves. The major base increases include equipment purchases and the need to annualize rent for the new lab, as this space was occupied for only five months in fiscal 2000. The approved changes are listed below.

1. \$121,708 each year for the annualization of rent at the new location. Base expenditures reflect only five months rental costs;
2. \$120,193 in fiscal 2002 and \$113,193 in fiscal 2002 for equipment (DP 3205 removes base year expenditures of \$82,807 for equipment). A portion of the equipment funds were used to help pay the increased costs of the move during fiscal 2000;
3. \$24,055 each year for DNA supplies. The DNA section of the laboratory was closed for seven months while the lab occupied interim laboratory space. DNA analysis was not done during that time and DNA supplies were not purchased;
4. \$1,225 each year to annualize the disposal of the lab's biological waste material. The biological waste is transported to Utah for disposal. When the crime laboratory rented space from the St. Patrick's Hospital, the hospital disposed of the lab's biological waste material. The cost of this service was \$175 per month;
5. \$300 per year for contracted services. The base budget contains \$9,300 for the cost of conducting autopsies at a local funeral home until the new lab was complete. The \$300 increase will provide \$9,600 each year (\$600 per day) to hire a pathologist for three weeks per year to replace Dr. Dale during his vacation. In the past, a private forensic pathologist in Great Falls provided emergency coverage in Dr. Dale's absence at a cost of \$1,550 per year (\$50 per day for 31 days in fiscal 2000). This pathologist has retired and is not being replaced;
6. a reduction of \$26,638 each year to remove the costs of relocation;
7. a reduction of \$20,399 for one-time costs associated with upgrading the facilities used during the interim move;
8. a reduction of \$8,700 each year for equipment repair and maintenance. Two pieces of instrumentation required the manufacturer to disassemble, move, and reassemble them at the new laboratory;
9. a reduction of \$7,745 each year for one-time expenditures of chairs and tables to furnish the training room in the new laboratory;
10. a reduction of \$7,204 each year for the one-time purchase of two laptop computers;
11. a \$5,900 decrease each year for the one-time cost to purchase refrigerators in which to store specimens for the interim move; and
12. a decrease of \$3,253 each year to remove one-time costs associated with the installation of a new telephone system.

DP 3202 - Lab Accreditation - The American Society of Crime Laboratory Directors (ASCLD) has established an accreditation program in the field of forensic science. These standards are widely accepted in the forensic science profession and there is proposed federal legislation that would require laboratories to be accredited or seeking accreditation in order to apply for federal grants. In addition, accreditation would acknowledge that the lab meets and adheres to the guidelines governing the operation of a forensic lab. The cost of \$12,000 in fiscal 2002 represents a pre-audit visit and the accreditation examination. The legislature approved the \$12,000 for a pre-audit visit in preparation for potential accreditation only if the federal government requires forensic labs to be accredited to be eligible for federal funds (see the "Language" section for this division).



DP 3205 - Laboratory Equipment Reduction - The legislature removed \$82,807 each year for one-time-only equipment.

DP 3206 - Non-Employee Travel - This is a base adjustment which reduces non-employee travel by 50 percent.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 3204 - FSD Legislative Contract Authority										
32	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 3207 - Forensic Scientist										
32	0.50	27,470	0	0	27,470	0.50	27,563	0	0	27,563
DP 3208 - HB 359 - Expand Collection of DNA Evidence										
32	0.00	24,150	0	0	24,150	0.00	24,150	0	0	24,150
<b>Total</b>	<b>0.50</b>	<b>\$51,620</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$151,620</b>	<b>0.50</b>	<b>\$51,713</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$151,713</b>

### New Proposals

DP 3204 - FSD Legislative Contract Authority - The legislature approved legislative contract authority of \$200,000 over the biennium in the event that federal grants are received.

DP 3207 - Forensic Scientist - The legislature approved funding for a 0.5 FTE forensic scientist. This position will provide peer review in the trace evidence section of the lab and provide support on the backlog of methamphetamine cases.

DP 3208 - HB 359 - Expand Collection of DNA Evidence - The legislature appropriated general fund for the collection and analysis of DNA evidence on all adult felony offenses. Previously, collections were limited to sexual or violent offenses.

### Language

Item [Forensic Science Division] includes \$12,000 in general fund for fiscal 2002 for lab accreditation. The use of the funds for accreditation is contingent on passage of a federal requirement that a lab needs to be accredited to receive federal funds.

Item [HB 359 - Expand Collection of DNA Evidence] is contingent upon passage and approval of HB 359.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	39.50	0.00	(0.50)	39.00	0.00	(0.50)	39.00	39.00
Personal Services	1,877,177	74,549	75,267	2,026,993	89,346	74,961	2,041,484	4,068,477
Operating Expenses	439,015	852,311	21,483	1,312,809	18,090	20,989	478,094	1,790,903
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$2,316,192</b>	<b>\$926,860</b>	<b>\$96,750</b>	<b>\$3,339,802</b>	<b>\$107,436</b>	<b>\$95,950</b>	<b>\$2,519,578</b>	<b>\$5,859,380</b>
State/Other Special	2,300,576	928,809	96,750	3,326,135	109,386	95,950	2,505,912	5,832,047
Federal Special	15,616	(1,949)	0	13,667	(1,950)	0	13,666	27,333
<b>Total Funds</b>	<b>\$2,316,192</b>	<b>\$926,860</b>	<b>\$96,750</b>	<b>\$3,339,802</b>	<b>\$107,436</b>	<b>\$95,950</b>	<b>\$2,519,578</b>	<b>\$5,859,380</b>

### Agency Description

The Department of Public Service Regulation (PSR) regulates the public utility and railroad industries. Five commissioners elected from districts throughout Montana oversee this program.

### Summary of Legislative Action

The legislature approved an increase of \$1.0 million in state special revenue over the fiscal 2000 base budget. The major changes include:

1. an appropriation of \$683,454 of universal access funds in fiscal 2002. The 1999 legislature approved language in HB 2 for the 2001 biennium that appropriated approximately \$650,000 for the Montana Universal Access Program (MUAP), but only \$12,620 was expended in fiscal 2000. Therefore, the legislature once again approved the authority for the 2003 biennium. For more information on the MUAP, see "Agency Discussion";
2. additional personal service funds of approximately \$176,000 to restore 2 percent of the vacancy savings, for pay exceptions, and to fully fund a position filled at a higher grade; and
3. elimination of a 0.5 FTE position that had been vacant over seven months. The funds remain for the 2003 biennium, but because the position has been eliminated, it will not be funded in the 2005 biennium.

### Agency Discussion

#### Montana Universal Access Program (MUAP)

With the establishment of the MUAP by the 1997 legislature, approximately \$600,000 in revenue was collected in the 1999 biennium (all collections ended at the close of fiscal 1999) and approximately \$62,000 has been expended for the purposes of MUAP since its inception through April of 2001.

The 1997 legislature passed SB 89, which established the Universal Access Program ". . .to further the goal of universal access to advanced telecommunications services in Montana by: 1) increasing safety net coverage through which advanced telecommunications services would, at a minimum, be available through a library, school, or other specified type of public institution in every community in the state; 2) encouraging innovation in communities to bring advanced services to Montana's rural areas; and 3) assisting communities that have already succeeded in obtaining services when ongoing transport costs threaten the continued availability of these services."

The 1997 legislature was aware that some federal funding would be available to help schools, libraries, and health care facilities with their telecommunication costs, but the details were not available until after the legislature adjourned. SB 89 was passed in an attempt to fill any gaps in services or funding that would not be covered under the federal program. The federal program (termed the E-rate Program) was slow in getting off the ground, but since that time, Montana schools, libraries, and health care facilities have received discounts on telecommunication services in excess of \$3.6 million during the first year of the program and over \$3.7 million during the second year.

Because of the amount of the discount that most schools, libraries, and health care facilities received under the federal program, they are not eligible for state MUAP funds. This has resulted in MUAP funds not being utilized to the degree

envisioned. The majority of entities benefiting from MUAP funds have been schools, libraries, and health care facilities that did not qualify for the federal funds, but did qualify for MUAP funds. Additionally, because tribal colleges are not eligible for E-rate Program funds, two tribal colleges are receiving MUAP funds.

The 2001 legislature took no action to change statute to: 1) allow expanded use of the funds, e.g., allowing funds to be used to upgrade the basic infrastructure; 2) provide a higher discount amount to users; and/or 3) expand the eligibility of applicants. The Public Service Regulation advised the legislature to leave the program as it currently exists in statute in the event that federal funding through the E-rate Program decreases and there is an increased need for these funds.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	39.50	39.50	39.00	(0.50)	39.50	39.00	(0.50)	
Personal Services	1,877,177	1,938,880	2,026,993	88,113	1,953,533	2,041,484	87,951	176,064
Operating Expenses	439,015	1,291,801	1,312,809	21,008	457,580	478,094	20,514	41,522
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$2,316,192</b>	<b>\$3,230,681</b>	<b>\$3,339,802</b>	<b>\$109,121</b>	<b>\$2,411,113</b>	<b>\$2,519,578</b>	<b>\$108,465</b>	<b>\$217,586</b>
State/Other Special	2,300,576	3,217,012	3,326,135	109,123	2,397,445	2,505,912	108,467	217,590
Federal Special	15,616	13,669	13,667	(2)	13,668	13,666	(2)	(4)
<b>Total Funds</b>	<b>\$2,316,192</b>	<b>\$3,230,681</b>	<b>\$3,339,802</b>	<b>\$109,121</b>	<b>\$2,411,113</b>	<b>\$2,519,578</b>	<b>\$108,465</b>	<b>\$217,586</b>

### Executive Budget Comparison

Legislative action results in an increase from the Executive Budget of approximately \$217,590 in state special revenue funds for the 2003 biennium, including:

1. approximately \$64,000 to restore 2 percent of vacancy savings;
2. approximately \$112,000 in personal services to fund a position filled at a higher grade and pay exceptions; and
3. approximately \$42,500 additional travel funds.

### Funding

The Public Service Regulation Program is funded primarily by a fee that is levied quarterly on regulated companies. The amount raised by the fees must equal the amount appropriated to the commission by the legislature for a particular year; fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission within the state for the calendar quarter of operation. Federal funds come from the U.S. Department of Transportation and support the Natural Gas Pipeline Safety Program.

Funding for the Universal Access Program was collected from a surcharge applied to all private corporations involved in the telecommunications industry in Montana. The authority to collect revenue for the Universal Access Program was limited by statute to the 1999 biennium.



Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					125,543					140,742
Vacancy Savings					(44,164)					(44,572)
Inflation/Deflation					515					1,725
Fixed Costs					26,582					11,925
<b>Total Statewide Present Law Adjustments</b>					<b>\$108,476</b>					<b>\$109,820</b>
DP 1 - Consultants	0.00	0	99,038	0	99,038	0.00	0	(962)	0	(962)
DP 2 - Rent/ Computer Replacement/ Printer/Copier Lease	0.00	0	43,197	0	43,197	0.00	0	5,877	0	5,877
DP 4 - Universal Access Program	0.00	0	683,454	0	683,454	0.00	0	0	0	0
DP 5 - Additional Personal Service Funds	0.00	0	12,846	0	12,846	0.00	0	12,990	0	12,990
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(473)	(2)	(475)	0.00	0	(473)	(2)	(475)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(19,582)	(94)	(19,676)	0.00	0	(19,719)	(95)	(19,814)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$818,480</b>	<b>(\$96)</b>	<b>\$818,384</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$2,287)</b>	<b>(\$97)</b>	<b>(\$2,384)</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$926,860</b>					<b>\$107,436</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget included in the executive present law. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items will be applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Consultants - The legislature approved this request for a biennial appropriation to hire consultants. This is the same amount appropriated by the 1999 legislature. These funds will be used if PSC staff is unable to handle the additional workload or for special projects.

DP 2 - Rent/ Computer Replacement/ Printer/Copier Lease - The legislature approved state special revenue funds for the following: 1) \$6,521 in fiscal 2002 and \$9,201 in fiscal 2003 for an increase in the rent contract negotiated by the Department of Administration; 2) \$31,776 in fiscal 2002 and a reduction of \$8,224 from the base budget (\$22,224 in the base) in fiscal 2003 to replace 27 computers in fiscal 2002 and 7 computers in fiscal 2003; and 3) \$4,900 each fiscal year to lease 2 digital printer/copiers (\$5,006 in the base).

DP 4 - Universal Access Program - The legislature approved a biennial appropriation of state special revenue funds of \$683,454 in order to continue allocation of the universal access funds based on guidelines passed by the 1997 legislature. The funds to support this program were collected in the 1999 biennium; all collections ended at the close of fiscal 1999.

DP 5 - Additional Personal Service Funds - The legislature approved additional state special revenue funds of \$12,846 in fiscal 2002 and \$12,990 in fiscal 2003. These funds are for a pay exception for an information technology position and two upgrades that were not captured in the Office of Budget and Program Planning "snapshot" of personal services.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This reduction is offset by DP 7 below, which restores one-half of the vacancy savings.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 6 - Additional Travel Funds										
01	0.00	0	21,483	0	21,483	0.00	0	20,989	0	20,989
DP 7 - Restore 2% Vacancy Savings & Additional Personal Services										
01	0.00	0	75,267	0	75,267	0.00	0	74,961	0	74,961
DP 689 - FTE Reduction										
01	(0.50)	0	0	0	0	(0.50)	0	0	0	0
Total	(0.50)	\$0	\$96,750	\$0	\$96,750	(0.50)	\$0	\$95,950	\$0	\$95,950

### New Proposals

DP 6 - Additional Travel Funds - The legislature approved additional state special revenue funds for additional travel funds for new commissioners and other staff to travel for training.

DP 7 - Restore 2% Vacancy Savings & Additional Personal Services - The legislature approved additional personal services funds to restore 2 percent of the vacancy savings and to fund a position filled at a higher grade.

DP 689 - FTE Reduction - The legislature reduced 0.5 FTE as the position has been vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	1,024.45	51.00	(9.15)	1,066.30	72.00	(9.15)	1,087.30	1,087.30
Personal Services	38,659,466	4,523,770	(471,943)	42,711,293	5,314,149	(474,603)	43,499,012	86,210,305
Operating Expenses	43,407,446	5,805,284	698,857	49,911,587	8,430,348	(1,849,391)	49,988,403	99,899,990
Equipment	489,919	(161,478)	0	328,441	(177,036)	0	312,883	641,324
Grants	30,218	0	0	30,218	0	0	30,218	60,436
Benefits & Claims	8,829,960	(1,854,382)	0	6,975,578	(2,025,973)	0	6,803,987	13,779,565
Transfers	0	0	0	0	0	0	0	0
Debt Service	83,088	0	0	83,088	0	0	83,088	166,176
<b>Total Costs</b>	<b>\$91,500,097</b>	<b>\$8,313,194</b>	<b>\$226,914</b>	<b>\$100,040,205</b>	<b>\$11,541,488</b>	<b>(\$2,323,994)</b>	<b>\$100,717,591</b>	<b>\$200,757,796</b>
General Fund	89,104,188	7,432,376	226,914	96,763,478	10,640,177	(2,323,994)	97,420,371	194,183,849
State/Other Special	1,601,137	129,353	0	1,730,490	126,706	0	1,727,843	3,458,333
Federal Special	457,885	504,464	0	962,349	528,070	0	985,955	1,948,304
Proprietary	336,887	247,001	0	583,888	246,535	0	583,422	1,167,310
<b>Total Funds</b>	<b>\$91,500,097</b>	<b>\$8,313,194</b>	<b>\$226,914</b>	<b>\$100,040,205</b>	<b>\$11,541,488</b>	<b>(\$2,323,994)</b>	<b>\$100,717,591</b>	<b>\$200,757,796</b>

### Agency Description

The Department of Corrections (DOC), authorized in Section 2-15-2301, MCA, is directed in Section 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision or delinquent youth who are referred or committed to the department."

The department's four programs are: 1) Administration and Support Services, which consists of department administration, accounting and budgeting, legal services, medical services, and the administratively attached Board of Pardons; 2) Community Corrections, which includes probation and parole, adult pre-release programs, adult boot camp, and out-of-home placements for juvenile youth; 3) Secure Facilities, which includes the Montana State Prison (MSP) in Deer Lodge, the Montana Women's Prison (MWP) in Billings, Pine Hills Youth Correctional Facility (PHYCF) in Miles City, and contract beds; and 4) Correctional Enterprises, which includes the ranch and prison industries programs.

### Summary of Legislative Action

The legislature added 62.85 FTE and \$17.8 million in total funds (\$16.0 million general fund) in the 2003 biennium to the department's base budget. In comparing the 2001 biennium to the 2003 biennium, general fund increases 9 percent in the two-year period and total funds increase 9.7 percent.

Major general fund increases for the biennium include:

1. \$4.8 million increase for pre-release beds;
2. \$3.8 million present law adjustment for personal services zero-based items;
3. \$2.9 million for a pay exception granted to correctional officers in the 2001 biennium;
4. \$2.8 million for a driving while intoxicated (DUI) unit at the forensic unit in Warm Springs;
5. \$2.6 million increase for contract beds (this includes a reduction of \$5.8 million as a result of SB 489, the fourth DUI bill);
6. \$2.4 million for funding 26.0 modified probation and parole officers added in fiscal 2000 (a reduction of 2.0 FTE from the executive request), including \$0.6 million for contracted services for chemical dependency services, employment services, and intensive family intervention services in Kalispell;
7. \$1.2 million for funding 23.0 modified correctional officers added in fiscal 2000 (reduced by 8.0 FTE from the executive request);
8. \$0.9 million increase for Pine Hills operating adjustment; and
9. \$0.8 million for expansion of the Montana Women's Prison.



Major general fund reductions taken by the legislature for the 2003 biennium include:

1. \$3.9 million reduction in juvenile placement funding;
2. \$0.8 million general fund as a result of the reduction in funds equal to 1 percent of FTE with the other funds restored;
3. \$0.4 million reduction in pre-release and pre-release chemical dependency beds as a result of SB 489; and
4. \$0.2 million general fund for the biennium for travel in the fiscal 2000 budget base.

The changes in FTE from the base budget include (see Table 1):

1. 26.0 FTE probation and parole officers (reduced from 28.0 FTE requested);
2. 23.0 FTE correctional officers (reduced from 31.0 FTE requested);
3. 21.0 FTE to staff the expanded Montana Women's Prison in fiscal 2003;
4. 5.5 FTE to replace contracted services. Positions include two physician assistants, one dentist, two dental assistants, and one half-time dental hygienist;
5. 2.0 FTE correctional officers for the cannery at MSP (proprietary funds);
6. 1.0 FTE victims officer position (no funds were budgeted);
7. (15.0) FTE moved from HB 2 to non-budgeted proprietary as a result of the cook/chill operation being approved as a proprietary function. This change does not result in a reduction in the number of state employees; and
8. (0.65) FTE reduced as a result of positions vacant longer than seven month being removed with the funding remaining in the 2003 biennium. In the 2005 biennium, these FTE will not be funded in the present law budget.

Table 1  
Department of Corrections  
Summary of FTE by Program

	Administration and Support Services	Community Corrections	Secure Facilities	Montana Correctional Enterprises	Total
HB 2 - Fiscal 2000 Base Budget	151.65	238.50	619.80	14.50	1,024.45
2003 Legislative Action					
Director's Office - Victim's Officer	1.00	0.00	0.00	0.00	1.00
Professional Services - reduce Contracted Services/hire staff	5.50	0.00	0.00	0.00	5.50
Professional Services - position vacant over 7 months	(0.15)	0.00	0.00	0.00	(0.15)
Probation and Parole - modified FTE	0.00	28.00	0.00	0.00	28.00
Transition Centers - probation & parole FTE	0.00	(2.00)	0.00	0.00	(2.00)
Probation and Parole - position vacant over 7 months	0.00	(0.50)	0.00	0.00	(0.50)
Montana State Prison - modified FTE	0.00	0.00	23.00	0.00	23.00
MSP cook/chill staff moved to proprietary	0.00	0.00	(15.00)	0.00	(15.00)
Montana Women's Prison expansion	0.00	0.00	21.00	0.00	21.00
MCE - cannery guards	0.00	0.00	0.00	2.00	2.00
Total FTE	<u>158.00</u>	<u>264.00</u>	<u>648.80</u>	<u>16.50</u>	<u>1,087.30</u>

### Agency Discussion

The department projected an adult male institutional population of 3,239 by the end of fiscal 2003 and a female population of 351. Tables 2 and 3 show the populations based on the amounts appropriated by the legislature. Based on the amounts appropriated by the 2001 legislature, the male institutional population is projected to be 2,970 by the end of fiscal 2003 and the female institutional population is projected to be 319 by the end of fiscal 2003. The major changes made by the legislature include: 1) not funding the projected increase of 100 new pre-release beds in fiscal 2003; 2) reducing the number of pre-release and pre-release chemical dependency beds by 10 each year; and 3) reducing contract beds based on projected savings due to SB 489 (fourth DUI bill). (Tables 2 and 3 refer to "ADP" and "FYE". The average daily population, or ADP, is calculated by adding the daily number of offenders in a program/facility for the year and dividing that number by the number of days in the year. Fiscal-year-end, or FYE, is the number of offenders at a facility on the last day of the fiscal year.)

Table 2							
Secure Custody Male Populations							
Fiscal Year End Populations/Average Daily Population							
Based on Legislative Action							
		Fiscal 98	Fiscal 99	Fiscal 00	Fiscal 01	Fiscal 02	Fiscal 03
Montana State Prison	FYE	1,269	1,356	1,268	1,300	1,300	1,300
	ADP	1,315	1,288	1,261	1,261	1,261	1,261
Regional Prisons	FYE	148	278	406	422	452	452
	ADP	64	201	336	436	437	452
Private Contracts	FYE	375	266	378	420	356	281
	ADP	351	341	308	396	356	281
DOC Commits	FYE	108	88	33	27	27	18
	ADP	172	108	105	50	27	18
Pre Release (incl. Trans. Living)	FYE	349	373	427	468	494	494
	ADP	294	358	413	435	494	494
Intensive Supervision	FYE	141	160	205	220	235	235
	ADP	139	151	164	176	195	195
Boot Camp	FYE	41	25	49	50	50	50
	ADP	20	31	34	42	45	48
Residential Alcohol Treatment	FYE					138	140
	ADP					80	120
Probation & Parole	FYE	3,877	4,132	4,258	4,451	4,592	4,732
	ADP	3,877	4,132	4,258	4,451	4,592	4,732
Total	FYE	6,308	6,678	7,024	7,358	7,644	7,702
	ADP	6,232	6,610	6,879	7,247	7,487	7,601

Table 3							
Secure Custody Female Populations							
Fiscal Year End Populations/Average Daily Population							
Based on Legislative Action							
		Fiscal 98	Fiscal 99	Fiscal 00	Fiscal 01	Fiscal 02	Fiscal 03
Montana Womens Prison*	FYE	70	70	70	70	70	165
	ADP	71	69	70	70	70	110
Private Contracts	FYE	29	48	48	72	72	0
	ADP	4	40	50	68	72	60
County Jails	FYE	9	19	22	13	26	0
	ADP	18	16	12	16	26	0
Pre Release (incl. Trans. Living)	FYE	95	87	108	108	115	115
	ADP	85	87	95	115	114	115
Intensive Supervision	FYE	35	27	32	36	39	39
	ADP	18	31	30	27	30	30
Boot Camp**	FYE	0	2	5	5	0	0
	ADP	0	1	3	4	0	0
Probation & Parole	FYE	1,554	1,655	1,705	1,783	1,839	1,896
	ADP	1,554	1,655	1,705	1,783	1,839	1,896
Total	FYE	1,792	1,908	1,990	2,087	2,161	2,215
	ADP	1,749	1,899	1,965	2,083	2,151	2,211

\*MWP will begin operating a sentence reduction program (Intensive Challenge) for females in fiscal 2002. The numbers for MWP include the Intensive Challenge program.

\*\* Females will no longer be placed in boot camp effective 7-1-2001

Table 4 shows the general fund appropriation by function for the 2003 biennium and also shows what percent of the total general fund is appropriated for a facility or function and what percent of the general fund increase is appropriated for a facility or function. Adult secure facilities accounts for over 44 percent of the total general fund appropriation, but community corrections received the largest increase of general fund in the 2003 biennium. The following provides a brief summary of each major increase. For a complete discussion of individual adjustments requested within each broad category, see the individual program narratives.

	FY 2000 Base Expenditures	FY 2002 Present Law/New Proposal Appropriation	FY 2003 Present Law/New Proposal Appropriation	Total 2003 Biennium	Percent of Total General Fund Appropriated	Percent of General Fund Increase
<u>Adult Secure Custody</u>						
Montana State Prison	\$21,022,437	\$1,336,912	\$1,408,193	\$44,789,979	23.07%	17.18%
Montana Womens Prison	\$2,283,218	\$94,756	\$922,065	\$5,583,257	2.88%	6.36%
Boot Camp	1,272,089	11,380	(3,847)	\$2,551,711	1.31%	0.05%
Contract Beds	<u>15,638,789</u>	<u>2,077,803</u>	<u>59,899</u>	<u>\$33,415,280</u>	<u>17.21%</u>	<u>13.38%</u>
Subtotal	\$40,216,533	\$3,520,851	\$2,386,310	\$86,340,227	44.46%	36.98%
<u>Juvenile</u>						
Pine Hills School	\$4,737,868	\$942,691	\$1,011,185	\$11,429,612	5.89%	12.23%
Riverside Facility	1,238,981	(56,620)	(34,754)	\$2,386,588	1.23%	-0.57%
Juvenile Placement	10,426,103	(1,919,033)	(2,090,624)	\$16,842,549	8.67%	-25.10%
Transition Centers	<u>828,888</u>	<u>(21,616)</u>	<u>(16,136)</u>	<u>\$1,620,024</u>	<u>0.83%</u>	<u>-0.24%</u>
Subtotal	\$17,231,840	(\$1,054,578)	(\$1,130,329)	\$32,278,773	16.62%	-13.68%
<u>Community Corrections</u>						
Residential Alcohol Treatment	<u>0</u>	667,156	2,165,633	\$2,832,789	1.46%	17.73%
Pre-Release	\$8,036,424	\$1,874,889	\$2,155,096	\$20,102,833	10.35%	25.23%
Probation & Parole	<u>8,459,744</u>	<u>970,643</u>	<u>1,072,480</u>	<u>\$18,962,611</u>	<u>9.77%</u>	<u>12.79%</u>
Subtotal	\$16,496,168	\$3,512,688	\$5,393,209	\$41,898,233	20.12%	55.75%
Outside Medical	\$1,815,002	\$0	\$0	\$3,630,004	1.87%	0.00%
Administration	\$12,310,815	\$1,699,755	\$1,683,990	\$28,005,375	14.42%	21.18%
Prison Enterprises	\$1,033,831	(\$19,428)	(\$16,997)	\$2,031,237	1.05%	-0.23%
Total	<u>\$89,104,189</u>	<u>\$7,659,288</u>	<u>\$8,316,183</u>	<u>\$194,183,849</u>	<u>100.00%</u>	<u>100.00%</u>

#### *Adult Secure Custody*

The Montana State Prison received \$2.7 million in additional general fund, which will: 1) fund 23.0 correctional officers added as modified FTE during the interim; and 2) provide funding for overtime, differential pay, and other personal services that are not captured in the base budget. The legislature also approved moving the cook/chill operation at MSP to a proprietary function. This resulted in 15.0 FTE being moved from HB 2 to non-budgeted proprietary. The personal service funds for the 15.0 FTE were moved to contracted services to allow MSP to pay for cook/chill meals. The cook/chill operation plans to expand services to the Helena Pre-Release Center and the residential alcohol treatment center. The rates approved by the legislature will allow the addition of 1.75 FTE in fiscal 2002 and 3.0 FTE in fiscal 2003 and a new refrigerated truck.

Contracted beds include the private prison at Shelby; regional prisons in Missoula, Cascade, and Dawson counties; and county jails. The legislature approved an increase of \$2.1 million for increased costs in contracted beds. The legislature reduced the executive request for contracted beds by \$5.8 million based on the assumption that SB 489 will reduce the demand for contract beds, as appropriate fourth DUI offenders will be placed in a residential alcohol treatment program.

The legislature appropriated approximately \$1.0 million in additional general fund to the Montana Women's Prison primarily for increased staff and operating costs that will be needed when the expansion is complete.



*Juvenile*

The legislature appropriated approximately \$2.0 million in additional general fund to the Pine Hills Youth Correctional Facility. This represents a 20.6 percent increase over the 2000 base budget. The 1999 legislature approved an expansion at Pine Hills to 144 beds, which allows the facility to provide residential sex offender and chemical dependency programs. With the additional services and beds at Pine Hills, the legislature anticipates fewer juveniles will need to be served out-of-state and reduced the juvenile placement budget by approximately \$2.2 million. The juvenile placement budget was further reduced by \$1.6 million in a decision to fund the transition centers out of the juvenile placement budget.

The 2001 legislature passed SB 386, which makes permanent the intervention in delinquency pilot program. Under this program, juvenile placement funds are allocated directly to the judicial districts and the judicial districts are responsible for managing the funds allocated to it.

*Community Corrections*

An increase of \$8.9 million general fund, or 55.8 percent of the total general fund increase, was approved for community corrections for the 2003 biennium. The increases in the community corrections budget are a result of the legislature: 1) appropriating over \$4.0 million for the biennium for additional 30 male, pre-release beds in existing facilities and inflation adjustments of 2.0 percent in fiscal 2002 and 4.0 percent in fiscal 2003; 2) appropriating over \$2.8 million for a residential alcohol treatment center at the Warm Springs Forensic Unit, as a result of SB 489; and 3) funding 26 probation and parole positions that were modified FTE, but were made permanent as a result of legislative action.

Although the legislature approved a \$4.0 million general fund increase for pre-release, which represents a 25 percent increase over the 2001 biennium, the legislature made the following reductions in the executive request for pre-release:

1. disapproved funding the addition of 80 new pre-release beds for males and 20 new pre-release beds for females - \$2.0 million;
2. reduced 10 pre-release and pre-release chemical dependency beds - \$0.4 million; and
3. reduced the per diem rate at pre-release centers by \$1 per day and increased the offender reimbursement by this amount - \$0.4 million.

*Administration*

The increase approved for Administration and Support Services is largely due to a pay exception for correctional officers. At the end of fiscal 2000, correctional officers were given a \$1.00 per hour pay increase. The department plans to give correctional officers another \$1.00 per hour increase at the end of fiscal 2001. A \$2.9 million general fund increase was approved in the 2003 biennium to fund these pay increases.

**Inmate Cost Per Day**

Tables 5, 6, and 7 present the direct average daily population costs associated with the adult male and female inmate correctional programs. The populations in the tables represent the number of offenders based on legislative action and do not represent the department's management plan. These costs do not include administration, outside medical, industry training, or debt service. (Note: Fiscal years 2002 and 2003 do not include amounts for HB 13, the pay plan bill, where earlier years do.) However, they are useful as a budget tool for comparing costs among the various incarceration alternatives. They are calculated by dividing the annual general fund program appropriation by the average daily population and then again by 365 days. The legislature made several decisions that impacted the populations referred to in the tables. The major changes include:

1. passage of SB 489, which creates a residential alcohol treatment program and is projected to reduce the number of offenders in contract beds;
2. not funding the construction of a new wing at the boot camp for females and therefore the MWP will add an Intensive Challenge program for female offenders; and
3. not funding additional pre-release beds in fiscal 2003.

Table 5				
Adult Male Inmates Direct General Fund Cost Per Day: Average Daily Populations				
Based on Legislative Action				
	Fiscal 2000 ADP	Fiscal 2001 ADP	Fiscal 2002 ADP	Fiscal 2003 ADP
Average Daily Population	Actual	Projected	Appropriated	Appropriated
Montana State Prison	1,261	1,261	1,261	1,261
Regional Prisons	336	436	437	452
Private Contracts	308	396	356	281
County Jails	105	50	27	18
Residential Alcohol Treatment			80	120
Pre-Release	413	435	494	494
Boot Camp	<u>34</u>	<u>42</u>	<u>45</u>	<u>48</u>
Total	<u>2,457</u>	<u>2,620</u>	<u>2,700</u>	<u>2,674</u>
Annual General Fund Budget	Actual	Projected	Appropriated	Appropriated
Montana State Prison	\$21,022,420	\$22,696,535	\$22,359,349	\$22,430,630
Regional Prisons	6,466,803	7,758,024	7,834,389	8,006,158
Private Contracts	5,747,379	7,518,533	6,701,540	5,416,659
County Jails	2,057,048	1,164,115	512,460	349,130
Residential Alcohol Treatment			667,156	2,165,633
Pre Release	6,333,278	6,706,250	7,730,824	7,949,386
Boot Camp	<u>1,157,598</u>	<u>1,295,414</u>	<u>1,283,469</u>	<u>1,268,242</u>
Total	<u>\$42,784,525</u>	<u>\$47,138,871</u>	<u>\$47,089,187</u>	<u>\$47,585,838</u>
General Fund Cost Per Inmate Day	Actual	Projected	Appropriated	Appropriated
Montana State Prison	\$45.56	\$49.31	\$48.58	\$48.73
Regional Prisons	52.57	48.71	49.12	48.53
Private Contracts	51.06	51.96	51.59	52.74
County Jails	53.35	63.79	52.00	53.14
Residential Alcohol Treatment			45.70	49.44
Pre Release	41.86	42.28	42.88	44.09
Boot Camp	<u>92.24</u>	<u>84.50</u>	<u>78.14</u>	<u>72.39</u>
Average Cost Per Inmate Day	<u>\$47.57</u>	<u>\$49.29</u>	<u>\$47.78</u>	<u>\$48.75</u>

Table 6				
Adult Female Inmates Direct General Fund Cost Per Day: Average Daily Population				
Based on Legislative Action				
	Fiscal 2000 ADP	Fiscal 2001 ADP	Fiscal 2002 ADP	Fiscal 2003 ADP
Average Daily Population	Actual	Projected	Appropriated	Appropriated
Montana Women's Prison	70	70	70	110
Private Contracts	50	68	72	60
County Jails	12	16	26	0
Pre-Release	95	115	114	115
Boot Camp	<u>3</u>	<u>4</u>	<u>0</u>	<u>0</u>
Total	<u>230</u>	<u>273</u>	<u>282</u>	<u>285</u>
Annual General Fund Budget	Actual	Projected	Appropriated	Appropriated
Montana Women's Prison	\$2,283,210	\$2,359,349	\$2,377,974	\$3,205,283
Private Contracts	1,250,333	1,609,000	1,681,920	1,432,435
County Jails	117,226	367,615	493,480	0
Pre-Release	1,751,884	2,170,464	2,180,489	2,242,134
Boot Camp	<u>114,488</u>	<u>128,118</u>	<u>0</u>	<u>0</u>
Total	<u>\$5,517,141</u>	<u>\$6,634,545</u>	<u>\$6,733,863</u>	<u>\$6,879,852</u>
General Fund Cost Per Inmate Day	Actual	Projected	Appropriated	Appropriated
Montana Women's Prison	\$89.58	\$92.34	\$93.07	\$79.83
Private Contracts	67.92	64.85	64.00	65.41
County Jails	26.80	62.95	52.00	0.00
Pre-Release	50.43	51.65	52.40	53.42
Boot Camp	<u>90.41</u>	<u>87.75</u>	<u>0.00</u>	<u>0.00</u>
Average Cost Per Inmate Day	<u>\$65.46</u>	<u>\$66.55</u>	<u>\$65.42</u>	<u>\$66.14</u>

Table 7 Probation & Parole/ISP General Fund Direct Cost Per Day: Average Daily Population Based on Legislative Action				
	Fiscal 2000 ADP Actual	Fiscal 2001 ADP Projected	Fiscal 2002 ADP Appropriated	Fiscal 2003 ADP Appropriated
Average Daily Population				
Probation & Parole	5,963	6,234	6,431	6,628
Intensive Supervision	<u>194</u>	<u>203</u>	<u>225</u>	<u>225</u>
Total	<u>6,157</u>	<u>6,437</u>	<u>6,656</u>	<u>6,853</u>
Annual General Fund Budget	Actual	Projected	Appropriated	Appropriated
Probation & Parole	\$7,537,033	\$8,408,908	\$8,487,348	\$8,579,002
Intensive Supervision	<u>922,580</u>	<u>962,494</u>	<u>943,039</u>	<u>953,222</u>
Total	<u>\$8,459,613</u>	<u>\$9,371,402</u>	<u>\$9,430,387</u>	<u>\$9,532,224</u>
Cost Per Offender Day	Actual	Projected	Appropriated	Appropriated
Probation & Parole	\$3.45	\$3.70	\$3.62	\$3.55
Intensive Supervision	<u>12.99</u>	<u>12.99</u>	<u>11.50</u>	<u>11.62</u>
Average Cost Per Offender Day	<u>\$3.75</u>	<u>\$3.99</u>	<u>\$3.88</u>	<u>\$3.81</u>

### Long Range Building

HB 5 and HB 14 contain appropriations for the department. Funds for a central reception unit at MSP were appropriated - \$1.0 million in federal funds in HB 5 and \$5.0 million in general obligation bonds authorized in HB 14. In addition, the 1999 legislature appropriated funds in HB 5 and HB 14 for two projects that have spanned both biennia - the central reception unit at MSP and the Montana Women's Prison expansion. The funds appropriated by the 1999 legislature for these two projects include: 1) \$5.5 million in federal funds for the central reception unit at MSP and \$6.5 million in federal funds for the Montana Women's Prison expansion; and 2) \$2.9 million in general obligation bonds for the Montana Women's Prison expansion.

### Supplemental Appropriation

The legislature approved a \$4.0 million general fund supplemental appropriation for cost overruns in contract beds and personal services costs at Montana State Prison. The 1999 legislature provided a restricted/biennial appropriation of \$30.0 million for contract beds in the 2001 biennium. Approximately \$15.6 million was spent in fiscal 2000, or \$2.1 million more than projected. This overrun was largely a result of county jail costs due to a sit-down strike in July 1999 at Montana State Prison. Because of the number of inmates involved in the sit down, many of the prison's beds were used for administrative segregation, which required single occupancy cells. This caused a delay in transporting offenders from county jails to MSP.

Projections for the average daily population of contract beds in fiscal year 2001 are projected to exceed the average daily population used by the 1999 legislature in determining the appropriation for fiscal 2001 by 57 beds. The increase needed for additional beds in fiscal 2001 plus the overrun in fiscal 2000 amounts to a shortfall of approximately \$3.6 million for the 2001 biennium.

In addition, the department projects a shortfall in personal services costs of approximately \$0.4 million at MSP. In the fall of 1999, the department added 59.0 modified FTE (31.0 correctional officers and 28.0 probation and parole officers). The department projected the cost of the modified FTE to be \$3.9 million for the 2001 biennium and stated it would be able to absorb the costs in the 2001 biennium. Costs were less than anticipated in fiscal 2000, due to a delay in filling a majority of the correctional officer positions. However, costs in fiscal 2001 are projected to be higher than anticipated due to the pay exception granted. The department obtained a pay exception for all correctional officers amounting to a \$1.00 per hour increase in fiscal 2001 and another \$1.00 per hour increase in fiscal 2002 because of recruitment and retention problems. The first \$1.00 was given at the end of fiscal 2000 and therefore did not have much of an impact on fiscal 2000 costs. However, in fiscal 2001 the total cost will be approximately \$1.5 million.



**Other Legislation**

House Bill 5 - HB 5 is the capital projects bill for the 2003 biennium. Included in this legislation is \$1.0 million in federal special revenue for a central reception unit at Montana State Prison. This appropriation is in addition to the appropriation made by the 1999 legislature of \$5.5 million in federal funds and \$170,000 in general fund to construct a new inmate reception unit at MSP.

House Bill 14 - HB 14 authorizes \$5.0 million in capital project funds for the construction of the central reception unit at Montana State Prison. Language added to HB 14 states "[it] is the intent of the 57th legislature that the Department of Corrections reduce its general fund present law base by \$300,000 a year because of the savings from paying local governments to hold offenders as a result of building the new reception center. This reduction is to occur when the new reception center starts receiving offenders. The reduction for the first year is to be on a pro rata basis for the portion of the first fiscal year that the new reception center is receiving offenders. The reduction in the following years is to be \$300,000."

House Bill 146 - HB 146 revises the Youth Court Act and the laws relating to the detention and placement of youth. The bill has no fiscal impact to the Department of Corrections.

Senate Bill 191 - SB 191 appropriates general fund of \$120,000 to the department to be used for the manufacture of generic specialty license plates by the prison industries program. The cost is offset by additional fees that will be deposited to the general fund.

Senate Bill 207 - SB 207 removes the requirement that the former forensic unit at Warm Springs be a state correctional facility and states that the building may be used only for treatment of inmates with chemical dependency or other mental or physical health-related problems.

Senate Bill 386 - SB 386 makes the intervention in delinquency pilot project permanent and makes participation by judicial districts discretionary. The juvenile placement funds will be allocated to judicial districts based on data gathered during the administration of the program to determine the amount of funding to be placed in each account. In addition, the department is to establish a cost containment fund of not less than \$1.0 million each year from the existing appropriation for juvenile placement. A cost containment review panel shall determine the distribution of those funds.

Senate Bill 393 - The Lewis and Clark Bicentennial Plate Act appropriated \$480,000 from the general fund to the Department of Corrections as a biennial appropriation to be used for the manufacture of Lewis and Clark bicentennial license plates. The cost is offset by additional fees that will be deposited to the general fund.

Senate Bill 489 - SB 489 revises the penalties for fourth or subsequent offenses of driving under the influence of alcohol or drugs. The act allows those persons convicted of a fourth or subsequent offense to be sentenced to the Department of Corrections for appropriate placement in a correctional facility or residential alcohol treatment program. The bill also allows the department to operate a residential alcohol treatment program at the forensic unit at Warm Springs. An appropriation of \$2.8 million general fund for the 2003 biennium for the DUI unit is contained in HB 2 in Community Corrections. The department projects that with the passage of SB 489, there will be savings in contract beds and chemical dependency pre-release beds. Therefore, the legislature approved biennial reductions of: 1) approximately \$5.8 million general fund for contract beds; and 2) \$384,902 general fund for chemical dependency pre-release beds, for an overall savings of \$3.4 million.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	1,024.45	1,091.95	1,066.30	(25.65)	1,112.95	1,087.30	(25.65)	
Personal Services	38,659,466	43,837,580	42,711,293	(1,126,287)	44,630,397	43,499,012	(1,131,385)	(2,257,672)
Operating Expenses	43,407,446	50,443,886	49,911,587	(532,299)	55,108,245	49,988,403	(5,119,842)	(5,652,141)
Equipment	489,919	328,441	328,441	0	312,883	312,883	0	0
Grants	30,218	30,218	30,218	0	30,218	30,218	0	0
Benefits & Claims	8,829,960	7,791,571	6,975,578	(815,993)	7,625,460	6,803,987	(821,473)	(1,637,466)
Transfers	0	0	0	0	0	0	0	0
Debt Service	83,088	83,088	83,088	0	83,088	83,088	0	0
<b>Total Costs</b>	<b>\$91,500,097</b>	<b>\$102,514,784</b>	<b>\$100,040,205</b>	<b>(\$2,474,579)</b>	<b>\$107,790,291</b>	<b>\$100,717,591</b>	<b>(\$7,072,700)</b>	<b>(\$9,547,279)</b>
General Fund	89,104,188	99,238,057	96,763,478	(2,474,579)	104,493,071	97,420,371	(7,072,700)	(9,547,279)
State/Other Special	1,601,137	1,730,490	1,730,490	0	1,727,843	1,727,843	0	0
Federal Special	457,885	962,349	962,349	0	985,955	985,955	0	0
Proprietary	336,887	583,888	583,888	0	583,422	583,422	0	0
<b>Total Funds</b>	<b>\$91,500,097</b>	<b>\$102,514,784</b>	<b>\$100,040,205</b>	<b>(\$2,474,579)</b>	<b>\$107,790,291</b>	<b>\$100,717,591</b>	<b>(\$7,072,700)</b>	<b>(\$9,547,279)</b>

### Executive Budget Comparison

The Martz Executive Budget requested \$210.3 million for the Department of Corrections for the 2003 biennium. The legislature reduced the executive's request for FTE by 25.65 and approved a budget that was approximately \$9.5 million lower than requested for the biennium, or \$200.8 million.

The legislature made the following major reductions from the Executive Budget:

- \$214,114 general fund for the biennium, the equivalent of 24 percent of all general fund expenditures for travel in the fiscal 2000 budget base;
- approximately \$804,000 general fund for the biennium as a result of the 1 percent FTE reduction after other funds and FTE were restored;
- \$243,378 general fund in the Administrative and Support Services Division. The legislature reduced \$121,689 from the base budget for each year of the 2003 biennium in training and travel related to PRO-Files (Programmed Reporting of Offender's Files). The fiscal 2000 base contained increased amounts in training and travel due to the development of the new database. Because only programming needs remain in developing this system, the legislature reduced the amount for training-related travel and education/training costs to the 1999 biennium amounts. This amount also includes a reduction to the base recruitment expenditures;
- \$2.1 million reduction in the Community Corrections Division. The major changes in this division include:
  - \$2.8 million appropriated for a DUI treatment unit. For more information, see the narrative on SB 489 in "Other Legislation";
  - \$2.9 million in total reductions to the pre-release budget. The executive requested a \$23.0 million budget for pre-release for the biennium, an increase of \$6.9 million over the fiscal 2000 base budget. The \$2.9 million reduction leaves \$20.1 million for the biennium, or an increase of 25.0 percent over the fiscal 2000 base budget. The major reductions are a result of: 1) eliminating funding for 100 new beds in fiscal 2003; 2) reducing the per diem rate that the state pays pre-release centers by \$1 per day and increasing the amount the offender must reimburse the center by the \$1 per day; and 3) reducing pre-release and pre-release chemical dependency beds by 10;
  - \$1.6 million reduction in juvenile placement funds. The legislature approved replacing the transition center funds with juvenile placement funds, thereby reducing the amount available for juvenile placement by \$1.6 million for the biennium. The juvenile placement budget has been reduced 18.0 percent from the fiscal 2000 base budget by reductions in the Executive Budget and by the legislature;
  - \$0.1 million reduction in the transition center budget due to reducing 2.0 FTE at the Billings Transition Center; and

5. \$6.2 million reduction in Secure Facilities. The legislature reduced 8.0 FTE correctional officers associated with the Earned Incentive Program for a savings of \$0.4 million. In addition, the legislature reduced contract beds by \$5.8 million for the biennium, assuming the law for fourth DUI offenders will be changed to allow appropriate fourth DUI offenders to be placed in a non-secure DUI unit.

**Language**

Because the percentage of American Indians in our state's correctional system ranges from 17 percent in the men's prison to up to 40 percent in the women's prison, it is important that the department maintain open communications and liaisons with the Montana tribes. Therefore, the department shall designate one of its current full-time equivalent employees in the administration and support services division to have included as a part of the employee's job responsibilities the duty to serve as a liaison with the Montana tribes and the department regarding American Indian inmate issues and concerns in all correctional facilities, including contracted bed facilities.

The department is encouraged to use telemedicine technology to the fullest extent possible to effect savings within the department.

Item [Administration and Support Services] includes a reduction of \$401,402 general fund in fiscal 2002 and \$402,801 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Item [Community Corrections] includes a reduction in general fund of \$107,057 in fiscal 2002 and \$107,057 in fiscal 2003. This reduction is the equivalent of a 24 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

If SB 489 is not passed and approved, general fund in item [Community Corrections] is reduced by \$667,156 in fiscal 2002 and by \$2,165,633 in fiscal 2003. (Note: SB 489 was passed and approved.)

If SB 489 is not passed and approved, general fund in item [Secure Facilities] is increased by \$4 million in fiscal 2003. (Note: SB 489 was passed and approved.)



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	151.65	0.00	6.35	158.00	0.00	6.35	158.00	158.00
Personal Services	6,403,877	1,590,073	(27,154)	7,966,796	1,629,880	(27,043)	8,006,714	15,973,510
Operating Expenses	6,893,142	455,779	(292,860)	7,056,061	441,651	(342,319)	6,992,474	14,048,535
Equipment	33,709	0	0	33,709	0	0	33,709	67,418
Transfers	0	0	0	0	0	0	0	0
Debt Service	8,205	0	0	8,205	0	0	8,205	16,410
<b>Total Costs</b>	<b>\$13,338,933</b>	<b>\$2,045,852</b>	<b>(\$320,014)</b>	<b>\$15,064,771</b>	<b>\$2,071,531</b>	<b>(\$369,362)</b>	<b>\$15,041,102</b>	<b>\$30,105,873</b>
General Fund	13,283,400	2,030,007	(320,014)	14,993,393	2,060,525	(369,362)	14,974,563	29,967,956
State/Other Special	2,695	1,626	0	4,321	(1,337)	0	1,358	5,679
Federal Special	0	0	0	0	0	0	0	0
Proprietary	52,838	14,219	0	67,057	12,343	0	65,181	132,238
<b>Total Funds</b>	<b>\$13,338,933</b>	<b>\$2,045,852</b>	<b>(\$320,014)</b>	<b>\$15,064,771</b>	<b>\$2,071,531</b>	<b>(\$369,362)</b>	<b>\$15,041,102</b>	<b>\$30,105,873</b>

### Program Description

The Administration and Support Services Program includes the Director's Office, Administrative Services Division, Professional Services Division, and the administratively-attached Board of Pardons. This program provides: 1) administrative and management support, human resources, budget, fiscal, and legal information; 2) technical correctional services; 3) policy and staff development; 4) research; 5) facility management; and 6) access to health care services.

### Funding

General fund provides over 99 percent of the funding for the Administration and Support Services Program. State special revenue funds and proprietary funds are allocated for a proportionate share of audit costs and other fixed costs.

Present Law Adjustments										
Fiscal 2002					Fiscal 2003					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				137,594						179,068
Vacancy Savings				(179,782)						(181,026)
Inflation/Deflation				(9,925)						(10,346)
Fixed Costs				760,405						724,677
<b>Total Statewide Present Law Adjustments</b>				<b>\$708,292</b>						<b>\$712,373</b>
DP 101 - Correctional Officer Pay	0.00	1,474,969	0	0	1,474,969	0.00	1,474,969	0	0	1,474,969
DP 107 - Personal Services Zero-Based Items	0.00	227,234	0	0	227,234	0.00	227,234	0	0	227,234
DP 108 - Board of Pardons Present Law	0.00	15,000	0	0	15,000	0.00	15,000	0	0	15,000
DP 110 - Reduce BOP One-Time-Only Equipment	0.00	(9,648)	0	0	(9,648)	0.00	(5,630)	0	0	(5,630)
DP 111 - Reduce One-Time-Only Equipment	0.00	(18,100)	0	0	(18,100)	0.00	0	0	0	0
DP 112 - Non-Employee Travel	0.00	(11,981)	0	0	(11,981)	0.00	(11,981)	0	0	(11,981)
DP 113 - Reduce Contracted Services & Infirmary OTO Expend.	0.00	(98,500)	0	0	(98,500)	0.00	(98,500)	0	0	(98,500)
DP 114 - Reduce Training/Travel/Recruitment	0.00	(121,689)	0	0	(121,689)	0.00	(121,689)	0	0	(121,689)
DP 696 - Data Network Fixed Cost Reduction	0.00	(6,080)	0	0	(6,080)	0.00	(6,080)	0	0	(6,080)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(28,703)	0	0	(28,703)	0.00	(28,800)	0	0	(28,800)
DP 699 - Vacancy Savings at 4 Percent	0.00	(84,942)	0	0	(84,942)	0.00	(85,365)	0	0	(85,365)
<b>Total Other Present Law Adjustments</b>				<b>\$1,337,560</b>	<b>0.00</b>	<b>\$1,359,158</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,359,158</b>	
<b>Grand Total All Present Law Adjustments</b>				<b>\$2,045,852</b>						<b>\$2,071,531</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 101 - Correctional Officer Pay** - The legislature approved \$1,474,969 in fiscal years 2002 and 2003 to fund the pay exception granted correctional officers in the 2001 biennium. In fiscal 2000, correctional officers were given a \$1.00 per hour increase and will be given another \$1.00 per hour in fiscal 2001. The pay exception is to address problems the department has been experiencing in recruitment and retention.

**DP 107 - Personal Services Zero-Based Items** - The legislature approved the following amounts for overtime, holidays worked, compensated time payout, holiday payout, inmate pay, and associated benefits:

1. 84,082 each year for overtime;
2. \$16,636 each year for holidays worked;
3. \$34,664 each year for FLSA compensated time payout;
4. \$17,977 each year for holiday payout;
5. \$25,504 each year for inmate pay; and
6. \$48,371 each year for benefits.

**DP 108 - Board of Pardons Present Law** - Board members are paid \$50 per diem each day they perform board business. It is anticipated the board members will each spend 75 days on board-related issues in fiscal years 2002 and 2003. In fiscal 2000, \$13,150 was expended on board per diem.

DP 110 - Reduce BOP One-Time-Only Equipment - The Board of Pardons fiscal 2000 base budget contains one-time-only equipment purchases of computers, carpet, and a security system. The legislature approved reductions of \$9,648 in fiscal 2002 and \$5,630 in fiscal 2003 to remove these one-time costs from the base.

DP 111 - Reduce One-Time-Only Equipment - The Administration and Support Services fiscal 2000 base budget contains one-time-only purchases for exam room equipment. The legislature approved a reduction of \$18,100 in fiscal 2002 to remove these one-time costs from the base.

DP 112 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 113 - Reduce Contracted Services & Infirmary OTO Expend. - The legislature approved a reduction in contracted services in the Professional Services Division of \$147,000 for the biennium. In addition, the legislature reduced supplies by \$50,000 for the biennium for one-time-costs associated with the infirmary.

DP 114 - Reduce Training/Travel/Recruitment - The legislature approved a reduction in base expenditures for travel, training, and recruitment.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals		Fiscal 2002				Fiscal 2003				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 105 - Treatment of Hepatitis C										
01	0.00	103,510	0	0	103,510	0.00	54,051	0	0	54,051
DP 106 - PA's From Contracted Services to FTE										
01	5.50	(19,189)	0	0	(19,189)	5.50	(17,668)	0	0	(17,668)
DP 109 - Victim's Officer FTE										
01	1.00	0	0	0	0	1.00	0	0	0	0
DP 685 - Personal Services Reduction for DOR Auditors										
01	0.00	(2,933)	0	0	(2,933)	0.00	(2,944)	0	0	(2,944)
DP 689 - FTE Reduction										
01	(0.15)	0	0	0	0	(0.15)	0	0	0	0
DP 691 - Personal Services General Fund Reduction										
01	0.00	(401,402)	0	0	(401,402)	0.00	(402,801)	0	0	(402,801)
<b>Total</b>	<b>6.35</b>	<b>(\$320,014)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$320,014)</b>	<b>6.35</b>	<b>(\$369,362)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$369,362)</b>

### New Proposals

DP 105 - Treatment of Hepatitis C - The Montana Department of Corrections and the Department of Public Health and Human Services are testing to determine the prevalence of Hepatitis C in Montana inmates. Because many inmates have a history of drug use, the department projects that 35.0 percent may be infected with Hepatitis C. The legislature approved funding to provide lab testing and immunization for the infected population.

HB 2 includes a line item for Hepatitis C that line items the above amounts and an additional \$513,858 general fund in



fiscal 2003. The additional \$513,858 was not new general fund, but was carved out of the main appropriation for Administration and Support Services. These funds will provide Hepatitis A & B immunization for 100 percent of the prison population infected with Hepatitis C. It will also fund the associated lab testing and provide for immunization of inmate intakes (assuming 35 percent of intakes are infected). The line item allows the legislature to track the amounts spent on treatment of Hepatitis C separately from other medical costs.

DP 106 - PA's From Contracted Services to FTE - The legislature approved funding 5.5 FTE and reducing contracted services. The department contracted with the Powell County Memorial Hospital in fiscal 2000 for the services of two physician's assistants. However, the Powell County Memorial Hospital no longer provides these contract services to Montana State Prison. In addition to the two physician's assistants, funding is provided for one dentist, two dental assistants, and a half-time dental hygienist. Funds would be moved from contracted services for these FTE and would result in a savings of approximately \$19,189 in fiscal 2002 and \$17,668 in fiscal 2003.

DP 109 - Victim's Officer FTE - The legislature approved the addition of 1.0 Victim's Officer FTE with no additional funding. The 1999 legislature approved this FTE as one-time only for the 2001 biennium, when the department received funds from the Victims of Crime Act through the Board of Crime Control.

DP 685 - Personal Services Reduction for DOR Auditors - The legislature approved a reduction in general fund personal services to provide funds for salary upgrades for Department of Revenue auditors. The reduction in general fund is associated with the vacant positions discussed in DP 689 below.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds associated with these positions were not reduced for the 2003 biennium in this decision package (however, DP 685 reduced the funds associated with this FTE reduction), but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

### **Language**

The department is encouraged to use telemedicine technology to the fullest extent possible to effect savings within the department.

Item [Administration and Support Services] includes a reduction of \$401,402 general fund in fiscal 2002 and \$402,801 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	238.50	26.00	(0.50)	264.00	26.00	(0.50)	264.00	264.00
Personal Services	9,691,238	582,213	(13,171)	10,260,280	639,887	(13,208)	10,317,917	20,578,197
Operating Expenses	13,538,810	2,510,214	560,099	16,609,123	2,846,513	2,058,576	18,443,899	35,053,022
Equipment	68,996	(23,290)	0	45,706	(20,000)	0	48,996	94,702
Benefits & Claims	8,520,550	(1,854,382)	0	6,666,168	(2,025,973)	0	6,494,577	13,160,745
Debt Service	42,808	0	0	42,808	0	0	42,808	85,616
<b>Total Costs</b>	<b>\$31,862,402</b>	<b>\$1,214,755</b>	<b>\$546,928</b>	<b>\$33,624,085</b>	<b>\$1,440,427</b>	<b>\$2,045,368</b>	<b>\$35,348,197</b>	<b>\$68,972,282</b>
General Fund	31,104,645	969,635	546,928	32,621,208	1,195,307	2,045,368	34,345,320	66,966,528
State/Other Special	517,239	56,651	0	573,890	56,651	0	573,890	1,147,780
Federal Special	240,518	188,469	0	428,987	188,469	0	428,987	857,974
<b>Total Funds</b>	<b>\$31,862,402</b>	<b>\$1,214,755</b>	<b>\$546,928</b>	<b>\$33,624,085</b>	<b>\$1,440,427</b>	<b>\$2,045,368</b>	<b>\$35,348,197</b>	<b>\$68,972,282</b>

### Program Description

The Community Corrections Program includes adult probation and parole, juvenile parole, male and female community corrections programs, the boot camp, juvenile transition centers, juvenile out-of-home placements, and a residential alcohol treatment program. The department contracts with non-profit corporations in Great Falls, Butte, Missoula, and Billings for pre-release services.

### Funding

Funding for the Community Corrections Program is approximately 97.0 percent general fund. State special revenue funds are from probation and parole fees collected from parolees to help defray the cost of parole supervision and reimbursements for juvenile placement cost of care. In addition, various federal grants total approximately \$858,000 for the 2003 biennium.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					(42,801)					15,014
Vacancy Savings					(262,797)					(264,530)
Inflation/Deflation					1,360					1,094
Fixed Costs					184,044					236,652
<b>Total Statewide Present Law Adjustments</b>					<b>(\$120,194)</b>					<b>(\$11,770)</b>
DP 2 - Probation and Parole 26.00 FTE	26.00	1,211,529	0	188,469	1,399,998	26.00	1,214,959	0	188,469	1,403,428
DP 202 - Pre-release Adjustment/Inflation	0.00	2,280,742	0	0	2,280,742	0.00	2,564,765	0	0	2,564,765
DP 203 - Personal Services Zero-Based Items	0.00	130,767	0	0	130,767	0.00	130,767	0	0	130,767
DP 206 - One-Time-Only Equipment	0.00	(34,610)	0	0	(34,610)	0.00	(27,570)	0	0	(27,570)
DP 208 - Juvenile Out of State Placement Svngs	0.00	(1,038,389)	0	0	(1,038,389)	0.00	(1,204,500)	0	0	(1,204,500)
DP 210 - Non-Employee Travel	0.00	(12,267)	0	0	(12,267)	0.00	(12,267)	0	0	(12,267)
DP 211 - Reduce CD Pre-Release Beds	0.00	(190,543)	0	0	(190,543)	0.00	(194,359)	0	0	(194,359)
DP 212 - Reduce Per Diem Rates	0.00	(213,160)	0	0	(213,160)	0.00	(213,160)	0	0	(213,160)
DP 214 - Juvenile Placement Funds to Fund Transition Center	0.00	(815,993)	0	0	(815,993)	0.00	(821,473)	0	0	(821,473)
DP 215 - Eliminate 10 P&P Vehicles per Year	0.00	(36,000)	0	0	(36,000)	0.00	(36,000)	0	0	(36,000)
DP 699 - Vacancy Savings at 4 Percent	0.00	(135,596)	0	0	(135,596)	0.00	(137,434)	0	0	(137,434)
<b>Total Other Present Law Adjustments</b>	<b>26.00</b>	<b>\$1,146,480</b>	<b>\$0</b>	<b>\$188,469</b>	<b>\$1,334,949</b>	<b>26.00</b>	<b>\$1,263,728</b>	<b>\$0</b>	<b>\$188,469</b>	<b>\$1,452,197</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$1,214,755</b>					<b>\$1,440,427</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions. Descriptions of the above present law adjustments are included in the subprogram budget presentations.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 217 - DUI Unit										
02	0.00	667,156	0	0	667,156	0.00	2,165,633	0	0	2,165,633
DP 685 - Personal Services Reduction for DOR Auditors										
02	0.00	(13,171)	0	0	(13,171)	0.00	(13,208)	0	0	(13,208)
DP 689 - FTE Reduction										
02	(0.50)	0	0	0	0	(0.50)	0	0	0	0
DP 693 - Statewide Travel Reduction										
02	0.00	(107,057)	0	0	(107,057)	0.00	(107,057)	0	0	(107,057)
<b>Total</b>	<b>(0.50)</b>	<b>\$546,928</b>	<b>\$0</b>	<b>\$0</b>	<b>\$546,928</b>	<b>(0.50)</b>	<b>\$2,045,368</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,045,368</b>

Descriptions of the above new proposals are included in the subprogram budget presentations.



**Language**

Item [Community Corrections] includes a reduction of general fund of \$107,057 in fiscal 2002 and \$107,057 in fiscal 2003. This reduction is the equivalent of a 24 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

If SB 489 is not passed and approved, general fund in item [Community Corrections] is reduced by \$667,156 in fiscal 2002 and by \$2,165,633 in fiscal 2003. (Note: SB 489 was passed and approved.)

## Sub-Program Details

## COMMUNITY CORRECTION ADMIN 01

Community Corrections Administration includes supervisory staff.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	14.00	0.00	0.00	14.00	0.00	0.00	14.00	14.00
Personal Services	625,422	(12,466)	0	612,956	(9,817)	0	615,605	1,228,561
Operating Expenses	254,008	(4,970)	667,156	916,194	(4,556)	2,165,633	2,415,085	3,331,279
Debt Service	2,735	0	0	2,735	0	0	2,735	5,470
<b>Total Costs</b>	<b>\$882,165</b>	<b>(\$17,436)</b>	<b>\$667,156</b>	<b>\$1,531,885</b>	<b>(\$14,373)</b>	<b>\$2,165,633</b>	<b>\$3,033,425</b>	<b>\$4,565,310</b>
General Fund	842,416	(10,236)	667,156	1,499,336	(7,173)	2,165,633	3,000,876	4,500,212
State/Other Special	7,200	(7,200)	0	0	(7,200)	0	0	0
Federal Special	32,549	0	0	32,549	0	0	32,549	65,098
<b>Total Funds</b>	<b>\$882,165</b>	<b>(\$17,436)</b>	<b>\$667,156</b>	<b>\$1,531,885</b>	<b>(\$14,373)</b>	<b>\$2,165,633</b>	<b>\$3,033,425</b>	<b>\$4,565,310</b>

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				13,074					15,833
Vacancy Savings				(17,456)					(17,538)
Inflation/Deflation				(679)					(679)
Fixed Costs				(4,285)					(3,871)
<b>Total Statewide Present Law Adjustments</b>				<b>(\$9,346)</b>					<b>(\$6,255)</b>
DP 210 - Non-Employee Travel	0.00	(6)	0	(6)	0.00	(6)	0	0	(6)
DP 699 - Vacancy Savings at 4 Percent	0.00	(8,084)	0	(8,084)	0.00	(8,112)	0	0	(8,112)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$8,090)</b>	<b>\$0</b>	<b>(\$8,090)</b>	<b>0.00</b>	<b>(\$8,118)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,118)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>(\$17,436)</b>					<b>(\$14,373)</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 210 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Sub Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 217 - DUI Unit										
01	0.00	667,156	0	0	667,156	0.00	2,165,633	0	0	2,165,633
<b>Total</b>	<b>0.00</b>	<b>\$667,156</b>	<b>\$0</b>	<b>\$0</b>	<b>\$667,156</b>	<b>0.00</b>	<b>\$2,165,633</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,165,633</b>

### New Proposals

**DP 217 - DUI Unit** - The legislature approved SB 489 that changes the fourth driving under the influence (DUI) statute to allow appropriate offenders to be placed in a DUI treatment unit rather than a secure facility. The legislature provided an appropriation for this DUI unit, which will be operated in the Warm Springs Forensic Unit. The reductions in DP 211, 331, and 333 in the pre-release and contracted beds (see "Secure Facilities") subprograms, respectively, are based on the projected savings of SB 489. In future biennia, the average annual general fund savings is projected to be \$3.2 million.



## Sub-Program Details

## TREASURE STATE CORRECTIONAL TRAINING 02

Treasure State Correctional Training Center (TSCTC), referred to as the boot camp, is located on the campus of Montana State Prison. Every year, four classes of approximately 60 inmates complete training at the center.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	25.50	0.00	0.00	25.50	0.00	0.00	25.50	25.50
Personal Services	986,660	8,935	0	995,595	12,574	0	999,234	1,994,829
Operating Expenses	278,634	2,445	0	281,079	3,579	0	282,213	563,292
Equipment	6,764	0	0	6,764	(20,000)	0	(13,236)	(6,472)
Debt Service	4,102	0	0	4,102	0	0	4,102	8,204
<b>Total Costs</b>	<b>\$1,276,160</b>	<b>\$11,380</b>	<b>\$0</b>	<b>\$1,287,540</b>	<b>(\$3,847)</b>	<b>\$0</b>	<b>\$1,272,313</b>	<b>\$2,559,853</b>
General Fund	1,272,089	11,380	0	1,283,469	(3,847)	0	1,268,242	2,551,711
Federal Special	4,071	0	0	4,071	0	0	4,071	8,142
<b>Total Funds</b>	<b>\$1,276,160</b>	<b>\$11,380</b>	<b>\$0</b>	<b>\$1,287,540</b>	<b>(\$3,847)</b>	<b>\$0</b>	<b>\$1,272,313</b>	<b>\$2,559,853</b>

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(15,699)					(10,636)
Vacancy Savings				(26,262)					(26,413)
Inflation/Deflation				493					678
Fixed Costs				1,983					2,932
<b>Total Statewide Present Law Adjustments</b>				<b>(\$39,485)</b>					<b>(\$33,439)</b>
DP 203 - Personal Services Zero-Based Items	0.00	63,473	0	0	63,473	0.00	63,473	0	0
DP 206 - One-Time-Only Equipment	0.00	0	0	0	0	0.00	(20,000)	0	0
DP 210 - Non-Employee Travel	0.00	(31)	0	0	(31)	0.00	(31)	0	0
DP 699 - Vacancy Savings at 4 Percent	0.00	(12,577)	0	0	(12,577)	0.00	(13,850)	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$50,865</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,865</b>	<b>0.00</b>	<b>\$29,592</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$11,380</b>					<b>(\$3,847)</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 203 - Personal Services Zero-Based Items - Because costs of overtime, differential pay, holidays worked, compensated time payout, and holiday pay are zero based, the legislature approved increases each year of the biennium in these areas.

DP 206 - One-Time-Only Equipment - The legislature approved a reduction for one-time-only equipment.

DP 210 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

## Sub-Program Details

## PRE-RELEASE 03

The department currently contracts with pre-release centers in Butte, Billings, Great Falls, and Missoula. Pre-release centers provide supervised educational, treatment, and work opportunities for offenders. Currently there are 524 beds for males and females, with 40 additional beds expected by the end of fiscal 2001 when the Helena pre-release center opens.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	0	0	0	0	0	0	0	0
Operating Expenses	8,036,424	1,874,889	0	9,911,313	2,155,096	0	10,191,520	20,102,833
<b>Total Costs</b>	<b>\$8,036,424</b>	<b>\$1,874,889</b>	<b>\$0</b>	<b>\$9,911,313</b>	<b>\$2,155,096</b>	<b>\$0</b>	<b>\$10,191,520</b>	<b>\$20,102,833</b>
General Fund	8,036,424	1,874,889	0	9,911,313	2,155,096	0	10,191,520	20,102,833
<b>Total Funds</b>	<b>\$8,036,424</b>	<b>\$1,874,889</b>	<b>\$0</b>	<b>\$9,911,313</b>	<b>\$2,155,096</b>	<b>\$0</b>	<b>\$10,191,520</b>	<b>\$20,102,833</b>

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				0					0
Vacancy Savings				0					0
<b>Total Statewide Present Law Adjustments</b>				<b>\$0</b>					<b>\$0</b>
DP 202 - Pre-release Adjustment/Inflation									
0.00	2,280,742	0	0	2,280,742	0.00	2,564,765	0	0	2,564,765
DP 210 - Non-Employee Travel									
0.00	(2,150)	0	0	(2,150)	0.00	(2,150)	0	0	(2,150)
DP 211 - Reduce CD Pre-Release Beds									
0.00	(190,543)	0	0	(190,543)	0.00	(194,359)	0	0	(194,359)
DP 212 - Reduce Per Diem Rates									
0.00	(213,160)	0	0	(213,160)	0.00	(213,160)	0	0	(213,160)
<b>Total Other Present Law Adjustments</b>									
0.00	<b>\$1,874,889</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,874,889</b>	0.00	<b>\$2,155,096</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,155,096</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,874,889</b>					<b>\$2,155,096</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 202 - Pre-release Adjustment/Inflation - This adjustment funds 30 additional male beds in pre-existing facilities in fiscal 2002 and adjusts for inflation. The legislature reduced the executive request by \$2.0 million in fiscal 2003 as a result of not funding the request for 100 new beds in fiscal 2003 (40 male beds, 40 chemical dependency male beds, and 20 chemical dependency female beds).

DP 210 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 211 - Reduce CD Pre-Release Beds - The legislature approved reducing Montana Chemical Dependency Center beds and pre-release beds at the Butte Pre-Release Center for a savings of \$190,543 in fiscal 2002 and \$194,359 in fiscal 2003. Connections Corrections chemical dependency beds will be maintained at 30.



DP 212 - Reduce Per Diem Rates - The legislature approved reducing pre-release per diem rates by \$1 per day and increasing the offender reimbursement to offset this reduction.

## Sub-Program Details

**PROBATION AND PAROLE 04**

Probation and Parole supervises over 6,000 inmates.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	150.50	28.00	(0.50)	178.00	28.00	(0.50)	178.00	178.00
Personal Services	6,439,877	638,248	(13,171)	7,064,954	681,840	(13,208)	7,108,509	14,173,463
Operating Expenses	2,252,711	651,382	(107,057)	2,797,036	699,374	(107,057)	2,845,028	5,642,064
Equipment	46,354	(10,290)	0	36,064	0	0	46,354	82,418
Debt Service	35,971	0	0	35,971	0	0	35,971	71,942
<b>Total Costs</b>	<b>\$8,774,913</b>	<b>\$1,279,340</b>	<b>(\$120,228)</b>	<b>\$9,934,025</b>	<b>\$1,381,214</b>	<b>(\$120,265)</b>	<b>\$10,035,862</b>	<b>\$19,969,887</b>
General Fund	8,459,744	1,090,871	(120,228)	9,430,387	1,192,745	(120,265)	9,532,224	18,962,611
State/Other Special	315,169	0	0	315,169	0	0	315,169	630,338
Federal Special	0	188,469	0	188,469	188,469	0	188,469	376,938
<b>Total Funds</b>	<b>\$8,774,913</b>	<b>\$1,279,340</b>	<b>(\$120,228)</b>	<b>\$9,934,025</b>	<b>\$1,381,214</b>	<b>(\$120,265)</b>	<b>\$10,035,862</b>	<b>\$19,969,887</b>

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(46,934)					(5,273)
Vacancy Savings				(174,902)					(176,152)
Inflation/Deflation				(3,358)					(3,340)
Fixed Costs				189,096					237,070
<b>Total Statewide Present Law Adjustments</b>				<b>(\$36,098)</b>					<b>\$52,305</b>
DP 2 - Probation and Parole 26.00 FTE									
28.00	1,272,244	0	188,469	1,460,713	28.00	1,275,879	0	188,469	1,464,348
DP 206 - One-Time-Only Equipment									
0.00	(10,290)	0	0	(10,290)	0.00	0	0	0	0
DP 210 - Non-Employee Travel									
0.00	(5,714)	0	0	(5,714)	0.00	(5,714)	0	0	(5,714)
DP 215 - Eliminate 10 P&P Vehicles per Year									
0.00	(36,000)	0	0	(36,000)	0.00	(36,000)	0	0	(36,000)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(93,271)	0	0	(93,271)	0.00	(93,725)	0	0	(93,725)
<b>Total Other Present Law Adjustments</b>									
28.00	\$1,126,969	\$0	\$188,469	\$1,315,438	28.00	\$1,140,440	\$0	\$188,469	\$1,328,909
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,279,340</b>					<b>\$1,381,214</b>

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Probation and Parole 26.00 FTE - The legislature approved funding for 26.0 modified FTE for Probation and Parole staff added in the 2001 biennium. During fiscal 2000, 28.0 modified FTE were added. However, the population at the Billings Transition Center has consistently been below capacity; therefore, the legislature reduced this request by 2.0 FTE. DP 2 for Probation and Parole shows an increase of 28.0 FTE, but DP 2 for Transition Centers shows a reduction of 2.0 FTE for a net increase of 26.0 FTE. This decision package also contains an increase of \$507,358 each year for contracted services for chemical dependency services, employment services, and intensive family intervention services in Kalispell.

DP 206 - One-Time-Only Equipment - The legislature approved a reduction for one-time-only equipment.

DP 210 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 215 - Eliminate 10 P&P Vehicles per Year - The legislature approved reducing the number of probation and parole vehicles by 10 leased vehicles each year.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals		Fiscal 2002				Fiscal 2003				
Sub Prgm	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 685 - Personal Services Reduction for DOR Auditors										
04	0.00	(13,171)	0	0	(13,171)	0.00	(13,208)	0	0	(13,208)
DP 689 - FTE Reduction										
04	(0.50)	0	0	0	0	(0.50)	0	0	0	0
DP 693 - Statewide Travel Reduction										
04	0.00	(107,057)	0	0	(107,057)	0.00	(107,057)	0	0	(107,057)
<b>Total</b>	<b>(0.50)</b>	<b>(\$120,228)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$120,228)</b>	<b>(0.50)</b>	<b>(\$120,265)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$120,265)</b>

### New Proposals

DP 685 - Personal Services Reduction for DOR - The legislature approved a reduction in general fund personal services to provide funds for salary upgrades for Department of Revenue auditors. The reduction in general fund is associated with the vacant positions discussed in DP 689 below.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds associated with these positions were not reduced for the 2003 biennium in this decision package (however, DP 685 reduced the funds associated with this FTE reduction), but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 24 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans. The legislature exempted transportation of prisoners; therefore, \$74,418 in general fund travel each year was exempted from the reduction.



## Sub-Program Details

## RIVERSIDE YOUTH CORRECTIONAL FACILITY 05

The Riverside Institution located in Boulder is a detention facility for juvenile female offenders.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	24.50	0.00	0.00	24.50	0.00	0.00	24.50	24.50
Personal Services	986,079	(34,704)	0	951,375	(29,567)	0	956,512	1,907,887
Operating Expenses	264,852	(8,916)	0	255,936	(5,187)	0	259,665	515,601
Equipment	15,878	(13,000)	0	2,878	0	0	15,878	18,756
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$1,266,809</b>	<b>(\$56,620)</b>	<b>\$0</b>	<b>\$1,210,189</b>	<b>(\$34,754)</b>	<b>\$0</b>	<b>\$1,232,055</b>	<b>\$2,442,244</b>
General Fund	1,238,981	(56,620)	0	1,182,361	(34,754)	0	1,204,227	2,386,588
Federal Special	27,828	0	0	27,828	0	0	27,828	55,656
<b>Total Funds</b>	<b>\$1,266,809</b>	<b>(\$56,620)</b>	<b>\$0</b>	<b>\$1,210,189</b>	<b>(\$34,754)</b>	<b>\$0</b>	<b>\$1,232,055</b>	<b>\$2,442,244</b>

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(41,472)					(36,122)
Vacancy Savings				(25,683)					(25,843)
Inflation/Deflation				4,223					3,788
Fixed Costs				1,149					1,563
<b>Total Statewide Present Law Adjustments</b>				<b>(\$61,783)</b>					<b>(\$56,614)</b>
DP 203 - Personal Services Zero-Based Items	0.00	44,552	0	0	44,552	0.00	44,552	0	0
DP 206 - One-Time-Only Equipment	0.00	(24,320)	0	0	(24,320)	0.00	(7,570)	0	0
DP 210 - Non-Employee Travel	0.00	(2,968)	0	0	(2,968)	0.00	(2,968)	0	0
DP 699 - Vacancy Savings at 4 Percent	0.00	(12,101)	0	0	(12,101)	0.00	(12,154)	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,163</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,163</b>	<b>0.00</b>	<b>\$21,860</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>				<b>(\$56,620)</b>					<b>(\$34,754)</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 203 - Personal Services Zero-Based Items - Because costs of overtime, differential pay, holidays worked, compensated time payout, and holiday pay are zero based, the legislature approved increases each year of the biennium in these areas.

DP 206 - One-Time-Only Equipment - The legislature approved a reduction for one-time-only equipment.

DP 210 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4

percent and including the state share of health insurance premiums in the calculation for determining the amount.

## Sub-Program Details

## TRANSITION CENTERS 07

Youth transition centers serve as placements for youth prior to their return into the community. Program components include counseling, community service, education, and employment. The centers have the capacity to serve a population of 24 males and 5 females.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	24.00	(2.00)	0.00	22.00	(2.00)	0.00	22.00	22.00
Personal Services	653,200	(17,800)	0	635,400	(15,143)	0	638,057	1,273,457
Operating Expenses	184,409	(3,816)	0	180,593	(993)	0	183,416	364,009
<b>Total Costs</b>	<b>\$837,609</b>	<b>(\$21,616)</b>	<b>\$0</b>	<b>\$815,993</b>	<b>(\$16,136)</b>	<b>\$0</b>	<b>\$821,473</b>	<b>\$1,637,466</b>
General Fund	828,888	(21,616)	0	807,272	(16,136)	0	812,752	1,620,024
State/Other Special	8,721	0	0	8,721	0	0	8,721	17,442
<b>Total Funds</b>	<b>\$837,609</b>	<b>(\$21,616)</b>	<b>\$0</b>	<b>\$815,993</b>	<b>(\$16,136)</b>	<b>\$0</b>	<b>\$821,473</b>	<b>\$1,637,466</b>

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				48,230					51,212
Vacancy Savings				(18,494)					(18,584)
Inflation/Deflation				681					647
Fixed Costs				(3,899)					(1,042)
<b>Total Statewide Present Law Adjustments</b>				<b>\$26,518</b>					<b>\$32,233</b>
DP 2 - Probation and Parole 26.00 FTE	(2.00)	(60,715)	0	0	(60,715)	(2.00)	(60,920)	0	0
DP 203 - Personal Services Zero-Based Items	0.00	22,742	0	0	22,742	0.00	22,742	0	0
DP 210 - Non-Employee Travel	0.00	(598)	0	0	(598)	0.00	(598)	0	0
DP 699 - Vacancy Savings at 4 Percent	0.00	(9,563)	0	0	(9,563)	0.00	(9,593)	0	0
<b>Total Other Present Law Adjustments</b>	<b>(2.00)</b>	<b>(\$48,134)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$48,134)</b>	<b>(2.00)</b>	<b>(\$48,369)</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>				<b>(\$21,616)</b>					<b>(\$16,136)</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Probation and Parole 26.00 FTE - The legislature approved funding for 26.0 modified FTE for Probation and Parole staff added in the 2001 biennium. During fiscal 2000, 28.0 modified FTE were added. However, the population at the Billings Transition Center has consistently been below capacity; therefore, the legislature reduced this request by 2.0 FTE. DP 2 for Probation and Parole shows an increase of 28.0 FTE, but DP 2 for the Transition Centers shows a reduction of 2.0 FTE for a net increase of 26.0 FTE.

DP 203 - Personal Services Zero-Based Items - Because costs of overtime, differential pay, holidays worked, compensated time payout, and holiday pay are zero based, the legislature approved increases each year of the biennium



in these areas.

DP 210 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

## Sub-Program Details

## JUVENILE PLACEMENT FUNDS 08

Juvenile Placement funds are: 1) used to pay for the placement of youth committed to the Department of Corrections into private treatment facilities; and 2) allocated to judicial districts that are participating in the juvenile delinquency intervention program for the placement of delinquent youth into private treatment facilities.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	2,267,772	(800)	0	2,266,972	(800)	0	2,266,972	4,533,944
Benefits & Claims	8,520,550	(1,854,382)	0	6,666,168	(2,025,973)	0	6,494,577	13,160,745
<b>Total Costs</b>	<b>\$10,788,322</b>	<b>(\$1,855,182)</b>	<b>\$0</b>	<b>\$8,933,140</b>	<b>(\$2,026,773)</b>	<b>\$0</b>	<b>\$8,761,549</b>	<b>\$17,694,689</b>
General Fund	10,426,103	(1,919,033)	0	8,507,070	(2,090,624)	0	8,335,479	16,842,549
State/Other Special	186,149	63,851	0	250,000	63,851	0	250,000	500,000
Federal Special	176,070	0	0	176,070	0	0	176,070	352,140
<b>Total Funds</b>	<b>\$10,788,322</b>	<b>(\$1,855,182)</b>	<b>\$0</b>	<b>\$8,933,140</b>	<b>(\$2,026,773)</b>	<b>\$0</b>	<b>\$8,761,549</b>	<b>\$17,694,689</b>

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 208 - Juvenile Out of State Placement Svngs	0.00	(1,038,389)	0	0	(1,038,389)	0.00	(1,204,500)	0	0	(1,204,500)
DP 210 - Non-Employee Travel	0.00	(800)	0	0	(800)	0.00	(800)	0	0	(800)
DP 214 - Juvenile Placement Funds to Fund Transition Center	0.00	(815,993)	0	0	(815,993)	0.00	(821,473)	0	0	(821,473)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$1,855,182)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,855,182)</b>	<b>0.00</b>	<b>(\$2,026,773)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,026,773)</b>
<b>Grand Total All Present Law Adjustments</b>					<b>(\$1,855,182)</b>					<b>(\$2,026,773)</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 208 - Juvenile Out of State Placement Savings - The legislature approved a reduction of approximately \$2.2 million in out-of-state placement, based on the assumption that more youth could be served at the Pine Hills Youth Correctional Facility. The 1999 legislature approved expansion of Pine Hills from 85 beds to 144 beds by fiscal 2001. The expansion has allowed the facility to provide residential sex offender and chemical dependency programs. Offsetting this reduction is a present law adjustment for Pine Hills of \$0.9 million for the biennium to cover the cost of an increased population. DP 214 below is an additional reduction to the juvenile placement budget.

DP 210 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 214 - Juvenile Placement Funds to Fund Transition Centers - The legislature approved replacing the transition center funds with juvenile placement funds, thereby reducing the amount available for juvenile placement by \$1.6 million for the biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	619.80	23.00	(15.00)	627.80	44.00	(15.00)	648.80	648.80
Personal Services	21,979,838	2,202,427	(431,618)	23,750,647	2,891,028	(434,352)	24,436,514	48,187,161
Operating Expenses	22,242,127	2,759,794	431,618	25,433,539	5,063,343	(3,565,648)	23,739,822	49,173,361
Equipment	387,214	(122,988)	0	264,226	(142,036)	0	245,178	509,404
Grants	30,218	0	0	30,218	0	0	30,218	60,436
Benefits & Claims	309,410	0	0	309,410	0	0	309,410	618,820
Debt Service	32,075	0	0	32,075	0	0	32,075	64,150
<b>Total Costs</b>	<b>\$44,980,882</b>	<b>\$4,839,233</b>	<b>\$0</b>	<b>\$49,820,115</b>	<b>\$7,812,335</b>	<b>(\$4,000,000)</b>	<b>\$48,793,217</b>	<b>\$98,613,332</b>
General Fund	43,682,312	4,452,162	0	48,134,474	7,401,342	(4,000,000)	47,083,654	95,218,128
State/Other Special	1,081,203	71,076	0	1,152,279	71,392	0	1,152,595	2,304,874
Federal Special	217,367	315,995	0	533,362	339,601	0	556,968	1,090,330
<b>Total Funds</b>	<b>\$44,980,882</b>	<b>\$4,839,233</b>	<b>\$0</b>	<b>\$49,820,115</b>	<b>\$7,812,335</b>	<b>(\$4,000,000)</b>	<b>\$48,793,217</b>	<b>\$98,613,332</b>

### Program Description

The Secure Facilities Program includes the Montana State Prison, Montana Women's Prison, and the Pine Hills Youth Correctional Facility.

### Funding

Funding for the Secure Facilities Program is approximately 97.0 percent general fund. State special revenue funds of approximately \$1.1 million per year include revenue from the alcohol tax to support alcohol treatment programs, interest and income from state lands dedicated to the support of Pine Hills School, and revenues from inmates and the prison canteen fund. Miscellaneous federal grants total approximately \$1.1 million for the 2003 biennium.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					938,389					1,087,373
Vacancy Savings					(620,854)					(625,323)
Inflation/Deflation					78,313					65,825
Fixed Costs					4,390					7,825
Total Statewide Present Law Adjustments					\$400,238					\$535,700
DP 301 - MSP Staffing	23.00	622,279	0	0	622,279	23.00	624,333	0	0	624,333
DP 302 - Pine Hills Operating Adjustment	0.00	412,473	5,638	0	418,111	0.00	457,365	5,954	0	463,319
DP 303 - MWP Expansion	0.00	0	0	0	0	21.00	830,312	0	0	830,312
DP 304 - Male & Female Contract Beds	0.00	3,166,619	0	0	3,166,619	0.00	5,186,909	0	0	5,186,909
DP 306 - Personal Services Zero-Based Items	0.00	1,550,511	0	0	1,550,511	0.00	1,550,511	0	0	1,550,511
DP 309 - Non-Employee Travel	0.00	(26,293)	0	0	(26,293)	0.00	(26,293)	0	0	(26,293)
DP 310 - Reduce One-Time-Only Equipment	0.00	(134,488)	0	0	(134,488)	0.00	(150,553)	0	0	(150,553)
DP 330 - Federal Grant Replaces General Fund	0.00	(249,970)	0	249,970	0	0.00	(252,727)	0	252,727	0
DP 331 - Decrease Contract Beds - DUI Statutory Change	0.00	(858,044)	0	0	(858,044)	0.00	(897,741)	0	0	(897,741)
DP 699 - Vacancy Savings at 4 Percent	0.00	(299,700)	0	0	(299,700)	0.00	(304,162)	0	0	(304,162)
Total Other Present Law Adjustments										
	23.00	\$4,183,387	\$5,638	\$249,970	\$4,438,995	44.00	\$7,017,954	\$5,954	\$252,727	\$7,276,635
Grand Total All Present Law Adjustments					\$4,839,233					\$7,812,335



**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions. Descriptions of the above present law adjustments are included in the subprogram budget presentations.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 333 - SB 489 - Contract Bed Savings										
03	0.00	0	0	0	0	0.00	(4,000,000)	0	0	(4,000,000)
DP 334 - Cook/Chill to Proprietary										
03	(15.00)	0	0	0	0	(15.00)	0	0	0	0
DP 689 - FTE Reduction										
03	0.00	0	0	0	0	0.00	0	0	0	0
<b>Total</b>	<b>(15.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(15.00)</b>	<b>(\$4,000,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,000,000)</b>

Descriptions of the above new proposals are included in the subprogram budget presentations.

**Language**

If SB 489 is not passed and approved, general fund in item [Secure Facilities] is increased by \$4 million in fiscal 2003. (Note: SB 489 was passed and approved.)

## Sub-Program Details

## MONTANA STATE PRISON 01

The Montana State Prison (MSP), located in Deer Lodge, had an average daily population of 1,261 in fiscal 2000.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	438.68	23.00	(15.00)	446.68	23.00	(15.00)	446.68	446.68
Personal Services	16,092,749	1,419,876	(431,618)	17,081,007	1,530,257	(434,352)	17,188,654	34,269,661
Operating Expenses	5,387,351	57,720	431,618	5,876,689	48,725	434,352	5,870,428	11,747,117
Equipment	367,731	(98,948)	0	268,783	(129,053)	0	238,678	507,461
Grants	30,218	0	0	30,218	0	0	30,218	60,436
Debt Service	32,075	0	0	32,075	0	0	32,075	64,150
<b>Total Costs</b>	<b>\$21,910,124</b>	<b>\$1,378,648</b>	<b>\$0</b>	<b>\$23,288,772</b>	<b>\$1,449,929</b>	<b>\$0</b>	<b>\$23,360,053</b>	<b>\$46,648,825</b>
General Fund	21,022,437	1,336,912	0	22,359,349	1,408,193	0	22,430,630	44,789,979
State/Other Special	794,514	41,736	0	836,250	41,736	0	836,250	1,672,500
Federal Special	93,173	0	0	93,173	0	0	93,173	186,346
<b>Total Funds</b>	<b>\$21,910,124</b>	<b>\$1,378,648</b>	<b>\$0</b>	<b>\$23,288,772</b>	<b>\$1,449,929</b>	<b>\$0</b>	<b>\$23,360,053</b>	<b>\$46,648,825</b>

Present Law Adjustments											
-----Fiscal 2002-----						-----Fiscal 2003-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services					256,603					369,442	
Vacancy Savings					(443,222)					(446,607)	
Inflation/Deflation					58,613					49,618	
Fixed Costs					(507)					(507)	
Total Statewide Present Law Adjustments					(\$128,513)						(\$28,054)
DP 301 - MSP Staffing	23.00	622,279	0	0	622,279	23.00	624,333	0	0	624,333	
DP 306 - Personal Services Zero-Based Items	0.00	1,198,261	0	0	1,198,261	0.00	1,198,261	0	0	1,198,261	
DP 309 - Non-Employee Travel	0.00	(386)	0	0	(386)	0.00	(386)	0	0	(386)	
DP 310 - Reduce One-Time-Only Equipment	0.00	(98,948)	0	0	(98,948)	0.00	(129,053)	0	0	(129,053)	
DP 699 - Vacancy Savings at 4 Percent	0.00	(214,045)	0	0	(214,045)	0.00	(215,172)	0	0	(215,172)	
Total Other Present Law Adjustments											
	23.00	\$1,507,161	\$0	\$0	\$1,507,161	23.00	\$1,477,983	\$0	\$0	\$1,477,983	
Grand Total All Present Law Adjustments					\$1,378,648						\$1,449,929

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 301 - MSP Staffing - The legislature approved funding for 23.0 FTE. In fiscal 2000, the department added 31.0 modified FTE. The legislature reduced the request for 31.0 FTE to 23.0 FTE by eliminating the Earned Incentive Program.

DP 306 - Personal Services Zero-Based Items - Because costs of overtime, differential pay, holidays worked, compensated time payout, and holiday pay are zero based, the legislature approved increases each year of the biennium

for these areas.

DP 309 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 310 - Reduce One-Time-Only Equipment - Reductions from base-year expenditures were approved by the legislature due to the purchase of one-time-only items.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Sub Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 334 - Cook/Chill to Proprietary										
01	(15.00)	0	0	0	0	(15.00)	0	0	0	0
<b>Total</b>	<b>(15.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(15.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### New Proposals

DP 334 - Cook/Chill to Proprietary - The legislature approved moving the cook/chill operation at Montana State Prison to a proprietary operation. This results in 15.0 FTE being moved from HB 2 to non-budgeted proprietary funding and the general fund associated with the FTE moved to operating expenses to allow MSP to pay the cook/chill rate for the meals needed at the prison.



## Sub-Program Details

## MONTANA WOMENS PRISON 02

The Montana Women's Prison (MWP), located in Billings, Montana, currently has a capacity of 70 inmates. The 1999 legislature approved an expansion of the prison to 205 beds. The expansion is projected to be complete in early 2003.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	40.27	0.00	0.00	40.27	21.00	0.00	61.27	61.27
Personal Services	1,422,732	98,328	0	1,521,060	646,989	0	2,069,721	3,590,781
Operating Expenses	860,486	(3,572)	0	856,914	275,076	0	1,135,562	1,992,476
<b>Total Costs</b>	<b>\$2,283,218</b>	<b>\$94,756</b>	<b>\$0</b>	<b>\$2,377,974</b>	<b>\$922,065</b>	<b>\$0</b>	<b>\$3,205,283</b>	<b>\$5,583,257</b>
General Fund	2,283,218	94,756	0	2,377,974	922,065	0	3,205,283	5,583,257
Federal Special	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$2,283,218</b>	<b>\$94,756</b>	<b>\$0</b>	<b>\$2,377,974</b>	<b>\$922,065</b>	<b>\$0</b>	<b>\$3,205,283</b>	<b>\$5,583,257</b>

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				5,187					12,312
Vacancy Savings				(38,590)					(38,803)
Inflation/Deflation				5,930					5,783
Fixed Costs				2,153					3,930
<b>Total Statewide Present Law Adjustments</b>				<b>(\$25,320)</b>					<b>(\$16,778)</b>
DP 303 - MWP Expansion	0.00	0	0	0	21.00	830,312	0	0	830,312
DP 306 - Personal Services Zero-Based Items	0.00	150,258	0	0	0.00	150,258	0	0	150,258
DP 309 - Non-Employee Travel	0.00	(155)	0	0	0.00	(155)	0	0	(155)
DP 310 - Reduce One-Time-Only Equipment	0.00	(11,500)	0	0	0.00	(20,000)	0	0	(20,000)
DP 699 - Vacancy Savings at 4 Percent	0.00	(18,527)	0	0	0.00	(21,572)	0	0	(21,572)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$120,076</b>	<b>\$0</b>	<b>\$0</b>	<b>21.00</b>	<b>\$938,843</b>	<b>\$0</b>	<b>\$0</b>	<b>\$938,843</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$94,756</b>					<b>\$922,065</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 303 - MWP Expansion - Due to the expansion of the Montana Women's Prison, the legislature approved additional staff and equipment and an increase in operating costs, utilities, and contracted services. The department projects that the population of the prison will increase from 70 inmates in fiscal 2000 to 165 by fiscal-year-end 2003. The legislature approved:

1. \$544,794 for 21.0 FTE in fiscal 2003, which will annualize to 28.0 FTE in fiscal 2004. The positions funded include: 16.5 FTE grade 9, 0.75 FTE grade 15, 1.5 FTE grade 12, 1.5 FTE grade 14, and 0.75 FTE grade 10; and

2. operating costs of \$285,518 in fiscal 2003. Operating cost increases were based on the addition of inmates beginning February 2003 at an average of 20 inmates moved in per month. This includes all expenses associated with housing an inmate.

DP 306 - Personal Services Zero-Based Items - Because costs of overtime, differential pay, holidays worked, compensated time payout, and holiday pay are zero based, the legislature approved increases each year of the biennium for these areas.

DP 309 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 310 - Reduce One-Time-Only Equipment - Reductions from base-year expenditures were approved by the legislature due to the purchase of one-time-only items.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

## Sub-Program Details

**PINE HILLS YOUTH CORRECTIONAL FACILITY 03**

Pine Hills Youth Correctional Facility, located in Miles City, Montana, houses male juvenile offenders and provides rehabilitative services. In fiscal 2000, the capacity increased from 85 to 120 beds and will increase to 144 beds in 2001.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	136.85	0.00	0.00	136.85	0.00	0.00	136.85	136.85
Personal Services	4,105,401	888,585	0	4,993,986	916,641	0	5,022,042	10,016,028
Operating Expenses	714,457	423,481	0	1,137,938	476,784	0	1,191,241	2,329,179
Equipment	19,483	(24,040)	0	(4,557)	(12,983)	0	6,500	1,943
Benefits & Claims	309,410	0	0	309,410	0	0	309,410	618,820
<b>Total Costs</b>	<b>\$5,148,751</b>	<b>\$1,288,026</b>	<b>\$0</b>	<b>\$6,436,777</b>	<b>\$1,380,442</b>	<b>\$0</b>	<b>\$6,529,193</b>	<b>\$12,965,970</b>
General Fund	4,737,868	942,691	0	5,680,559	1,011,185	0	5,749,053	11,429,612
State/Other Special	286,689	29,340	0	316,029	29,656	0	316,345	632,374
Federal Special	124,194	315,995	0	440,189	339,601	0	463,795	903,984
<b>Total Funds</b>	<b>\$5,148,751</b>	<b>\$1,288,026</b>	<b>\$0</b>	<b>\$6,436,777</b>	<b>\$1,380,442</b>	<b>\$0</b>	<b>\$6,529,193</b>	<b>\$12,965,970</b>

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				873,966					901,420
Vacancy Savings				(134,619)					(135,443)
Inflation/Deflation				13,848					10,502
Fixed Costs				3,331					4,989
<b>Total Statewide Present Law Adjustments</b>				<b>\$756,526</b>					<b>\$781,468</b>
DP 302 - Pine Hills Operating Adjustment									
0.00	412,473	5,638	0	418,111	0.00	457,365	5,954	0	463,319
DP 306 - Personal Services Zero-Based Items									
0.00	201,992	0	0	201,992	0.00	201,992	0	0	201,992
DP 309 - Non-Employee Travel									
0.00	(7)	0	0	(7)	0.00	(7)	0	0	(7)
DP 310 - Reduce One-Time-Only Equipment									
0.00	(24,040)	0	0	(24,040)	0.00	(1,500)	0	0	(1,500)
DP 330 - Federal Grant Replaces General Fund									
0.00	(249,970)	0	249,970	0	0.00	(252,727)	0	252,727	0
DP 699 - Vacancy Savings at 4 Percent									
0.00	(64,556)	0	0	(64,556)	0.00	(64,830)	0	0	(64,830)
<b>Total Other Present Law Adjustments</b>									
0.00	\$275,892	\$5,638	\$249,970	\$531,500	0.00	\$340,293	\$5,954	\$252,727	\$598,974
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,288,026</b>					<b>\$1,380,442</b>

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 302 - Pine Hills Operating Adjustment** - In fiscal 2000 the new construction project was completed, which increased capacity from 85 to 120 beds. By the end of fiscal 2002, the expansion project to add another 24 beds will be completed. The 1999 legislature approved an increase in staff from 114.3 FTE to 135.8 FTE to facilitate the increased capacity. The base year (fiscal 2000) reflects only a partial year for the costs of the increased FTE and average daily population (ADP) was lower than anticipated due to construction delays. Therefore, present law adjustments were approved to reflect the



additional costs for operating at capacity. The ADP is projected at 118 for fiscal 2002 and 135 for fiscal 2003.

The legislature approved increases as follows:

1. \$11,802 in fiscal 2002 and \$13,502 in fiscal 2003 for inmate pay;
2. \$101,330 in fiscal 2002 and \$136,915 in fiscal 2003 in contracted services for medical, psychiatric, pharmaceutical, testing/evaluation services, garbage, laundry, and janitorial services;
3. \$158,173 in fiscal 2002 and \$109,127 in fiscal 2003 for supplies;
4. \$20,431 in fiscal 2002 and \$32,843 in fiscal 2003 for communications;
5. \$54,518 in fiscal 2002 and \$75,964 in fiscal 2003 for travel due to an increase in the ADP and number of staff;
6. \$8,115 in fiscal 2002 and \$11,213 in fiscal 2003 for rent of equipment;
7. \$64,954 in fiscal 2002 and \$85,787 in fiscal 2003 for utility increases due to the ADP increase;
8. \$10,172 in fiscal 2002 and \$16,352 in fiscal 2003 for education/training costs and increases in the reward/allowance program due to the increased population; and
9. \$5,638 in fiscal 2002 and \$5,954 in fiscal 2003 for goods purchased for resale.

The legislature reduced funding by:

1. \$17,022 in fiscal 2002 and \$12,855 in fiscal 2003 for buildings and grounds; and
2. \$11,483 for educational and recreation equipment in fiscal 2003.

DP 306 - Personal Services Zero-Based Items - Because costs of overtime, differential pay, holidays worked, compensated time payout, and holiday pay are zero based, the legislature approved increases each year of the biennium for these areas.

DP 309 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 310 - Reduce One-Time-Only Equipment - Reductions from base-year expenditures were approved by the legislature due to the purchase of one-time-only items.

DP 330 - Federal Grant Replaces General Fund - The legislature approved replacing general fund with a federal grant for residential substance abuse treatment.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

## Sub-Program Details

## CONTRACTED BEDS 04

Contracted Beds budget represents those expenditures directly related to housing of Montana inmates outside of the state-operated correctional institutions. These currently include the regional prisons, county jails, and Crossroads (private prison in Shelby).

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	358,956	(204,362)	0	154,594	(202,859)	0	156,097	310,691
Operating Expenses	15,279,833	2,282,165	0	17,561,998	4,262,758	(4,000,000)	15,542,591	33,104,589
<b>Total Costs</b>	<b>\$15,638,789</b>	<b>\$2,077,803</b>	<b>\$0</b>	<b>\$17,716,592</b>	<b>\$4,059,899</b>	<b>(\$4,000,000)</b>	<b>\$15,698,688</b>	<b>\$33,415,280</b>
General Fund	15,638,789	2,077,803	0	17,716,592	4,059,899	(4,000,000)	15,698,688	33,415,280
<b>Total Funds</b>	<b>\$15,638,789</b>	<b>\$2,077,803</b>	<b>\$0</b>	<b>\$17,716,592</b>	<b>\$4,059,899</b>	<b>(\$4,000,000)</b>	<b>\$15,698,688</b>	<b>\$33,415,280</b>

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(197,367)					(195,801)
Vacancy Savings				(4,423)					(4,470)
Inflation/Deflation				(78)					(78)
Fixed Costs				(587)					(587)
<b>Total Statewide Present Law Adjustments</b>				<b>(\$202,455)</b>					<b>(\$200,936)</b>
DP 304 - Male & Female Contract Beds									
0.00	3,166,619	0	0	3,166,619	0.00	5,186,909	0	0	5,186,909
DP 309 - Non-Employee Travel									
0.00	(25,745)	0	0	(25,745)	0.00	(25,745)	0	0	(25,745)
DP 331 - Decrease Contract Beds - DUI Statutory Change									
0.00	(858,044)	0	0	(858,044)	0.00	(897,741)	0	0	(897,741)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(2,572)	0	0	(2,572)	0.00	(2,588)	0	0	(2,588)
<b>Total Other Present Law Adjustments</b>									
0.00	\$2,280,258	\$0	\$0	\$2,280,258	0.00	\$4,260,835	\$0	\$0	\$4,260,835
<b>Grand Total All Present Law Adjustments</b>				<b>\$2,077,803</b>					<b>\$4,059,899</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 304 - Male & Female Contract Beds - The legislature approved an increase in contract beds based on department projections of 983 adult male and 72 adult female offenders being placed in contract prison beds by fiscal 2002. This number increases to 1,070 males by fiscal 2003. The department projects the Montana Women's Prison expansion project will be completed by February 2003. Therefore, the female contracted population will be down to zero by the end of fiscal 2003. The amount for contract dollars for females is based on an ADP of 60 for fiscal 2003. These projections do not incorporate any changes associated with changing the fourth DUI statute. DPs 331 and 333 reduce the amounts appropriated for contract beds as a result of SB 489.

DP 309 - Non-Employee Travel - This base adjustment reduces non-employee travel by 50 percent.

DP 331 - Decrease Contract Beds - DUI Statutory - The legislature approved reducing the funding for contract beds based on a proposal to move eligible fourth DUI offenders to a DUI unit. See "Other Legislation" for more information.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Sub Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 333 - SB 489 - Contract Bed Savings										
04	0.00	0	0	0	0	0.00	(4,000,000)	0	0	(4,000,000)
Total	0.00	\$0	\$0	\$0	\$0	0.00	(\$4,000,000)	\$0	\$0	(\$4,000,000)

### New Proposals

DP 333 - SB 489 - Contract Bed Savings - SB 489 (fourth DUI bill) is projected to generate an additional \$4.0 million in savings in contract beds. The legislature reduced the Secure Facilities appropriation by this amount contingent on passage and approval of SB 489.



## Proprietary Rates

### Program Description

The cook/chill operation at Montana State Prison provides meals to several facilities to allow food service costs to be reduced at these facilities. The cook/chill operation currently serves Montana State Prison, Montana State Hospital, Treasure State Correctional Training Center, and Riverside. The operation plans on expanding service to the Helena Pre-release effective July 1, 2001 and to the fourth DUI program effective January of 2002.

The cook/chill operation has been funded with general fund in the past biennium. The legislature approved moving the operation to a proprietary-based function. The operation currently includes 15.0 FTE and would include 16.75 FTE and 22 inmate labor positions in fiscal 2002 and 18.0 FTE and 22 inmate labor positions in fiscal 2003. The personal services money currently in the base budget at MSP for the 15.0 FTE is moved to operating expenses to pay MSP rates for cook/chill meals.

### Revenues and Expenses

The department projects revenues of approximately \$4.0 million each year and total production and overhead costs of approximately \$3.9 million each year (this includes \$0.5 million for a 60-day cash flow). Revenues are based on the number of meals provided to the six facilities.

### Rate Explanation

Rates for meals are based on the production costs, overhead, and delivery costs. The legislature approved the following rates for the 2003 biennium:

	<i>Fiscal 2002</i>	<i>Fiscal 2003</i>
Cook/chill rate to MSP	\$1.80/meal	\$1.78/meal
Cook/chill rate to MSH	\$1.83/meal	\$1.82/meal
Cook/chill rate to TSCTC	\$1.83/meal	\$1.81/meal
Cook/chill rate to Riverside	\$2.79/meal	\$2.86/meal
Cook/chill rate to DUI facility	\$1.86/meal	\$1.84/meal
Cook/chill rate to Helena Pre-release	\$2.43/meal	\$2.47/meal

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	14.50	2.00	0.00	16.50	2.00	0.00	16.50	16.50
Personal Services	584,513	149,057	0	733,570	153,354	0	737,867	1,471,437
Operating Expenses	733,367	79,497	0	812,864	78,841	0	812,208	1,625,072
Equipment	0	(15,200)	0	(15,200)	(15,000)	0	(15,000)	(30,200)
<b>Total Costs</b>	<b>\$1,317,880</b>	<b>\$213,354</b>	<b>\$0</b>	<b>\$1,531,234</b>	<b>\$217,195</b>	<b>\$0</b>	<b>\$1,535,075</b>	<b>\$3,066,309</b>
General Fund	1,033,831	(19,428)	0	1,014,403	(16,997)	0	1,016,834	2,031,237
Federal Special	0	0	0	0	0	0	0	0
Proprietary	284,049	232,782	0	516,831	234,192	0	518,241	1,035,072
<b>Total Funds</b>	<b>\$1,317,880</b>	<b>\$213,354</b>	<b>\$0</b>	<b>\$1,531,234</b>	<b>\$217,195</b>	<b>\$0</b>	<b>\$1,535,075</b>	<b>\$3,066,309</b>

### Program Description

The Montana Correctional Enterprises (MCE) Program includes the ranch, industries, dairy, license plate, and vocational education programs at the Montana State Prison facility. MCE also has industry programs located at the Montana Women's Prison, Cascade County Regional Detention Facility, Crossroads Correctional Facility, and the Missoula Regional Prison. MCE programs provide employment and vocational-educational training opportunities to offenders. Approximately three hundred fifty (350) offenders are involved in education, training, and employment with MCE programs.

### Funding

Funding for the Montana Correctional Enterprises Program is over 65 percent from the general fund. General fund supports the license plate factory and a portion of the vocational training/education programs. The funding for the remaining portion of vocational training is enterprise funds. The ranch and industries programs are funded through enterprise funds and are not included in HB 2.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				15,857					20,103
Vacancy Savings				(16,525)					(16,651)
Inflation/Deflation				2,547					1,891
Fixed Costs				0					0
<b>Total Statewide Present Law Adjustments</b>				<b>\$1,879</b>					<b>\$5,343</b>
DP 402 - MCE Voc Ed and Lic. Plate Inmate Payroll									
0.00	40,040	0	0	73,320*	0.00	40,040	0	0	73,320*
DP 404 - Continue MCE Food Bank Program									
2.00	0	0	0	153,304*	2.00	0	0	0	153,523*
DP 409 - MCE Lic. Plates & Voc. Ed. Overtime									
0.00	5,727	0	0	7,753*	0.00	5,727	0	0	7,753*
DP 411 - Reduce One-Time-Only Equipment									
0.00	(15,200)	0	0	(15,200)	0.00	(15,000)	0	0	(15,000)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(5,842)	0	0	(7,702)*	0.00	(5,877)	0	0	(7,744)*
<b>Total Other Present Law Adjustments</b>									
2.00	\$24,725	\$0	\$0	\$211,475*	2.00	\$24,890	\$0	\$0	\$211,852*
<b>Grand Total All Present Law Adjustments</b>				<b>\$213,354*</b>					<b>\$217,195*</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the

narrative descriptions.

DP 402 - MCE Voc Ed and Lic. Plate Inmate Payroll - The legislature approved an increase for inmate pay of \$73,320 each year.

DP 404 - Continue MCE Food Bank Program - The legislature approved authority from proprietary funds for 2.0 FTE (1.0 grade 13 and 1.0 grade 11) and associated operating supplies for MCE to operate the food bank program. The legislature intends that all costs incurred by MCE in operating the food bank program will be negotiated with the Department of Public Health and Human Services and the Montana Food Bank.

DP 409 - MCE Lic. Plates & Voc. Ed. Overtime - The legislature approved an increase for overtime of \$7,753 each year.

DP 411 - Reduce One-Time-Only Equipment - The legislature approved a base budget reduction for one-time-only equipment each year of the biennium.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

#### **Language**

The department shall negotiate with the Department of Public Health and Human Services and the Montana Food Bank for any costs incurred by the Montana Correctional Enterprises in operating the food bank program.



## Proprietary Rates

### Program Description

The Montana Correctional Enterprises (MCE) Industry program includes furniture, upholstery, print, sign, and laundry operations at the Montana State Prison facility. In addition, telemarketing programs are operated at the regional and private prison locations around Montana.

The MCE Ranch and Dairy includes range cattle, dairy, crops, feedlot, and composting operations, which are all located at the Montana State Prison facility.

The MCE Vocational Education program operates a motor vehicle maintenance shop, the Toyota operation, and the Montana Food Bank cannery at the Montana State Prison facility.

### Revenues and Expenses

Montana Correctional Enterprises Industry revenues are derived from product sales to state and private customers. Operational needs, cash flow, economic return, customer orders, and product inventory levels determine the expenses. Overall revenue levels are dependent on marketing efforts, legislative restrictions, state agency purchases, retail outlet dealer sales, expansion and adjustment of the product line, continuation of the Certified Industry Program, private sector complaints, private customer contracts, and the success of the programs at the Montana Women's Prison, regional, and private prisons.

MCE Ranch and Dairy revenues are based on the market value of products sold. Expenditures are dependant on the operational needs, cash flow, economic return, weather conditions, product market prices, and discussions with the Ranch Advisory Committee.

MCE Vocational Education Motor Vehicle Maintenance (MVM) revenues are based on customer vehicle and equipment repair and maintenance needs. Toyota program revenues are based on contracts with the Toyota Company for producing motor vehicle cut-aways and trainers. Revenues and the need for parts and supplies for the repairs and contract projects determine the expenditure levels. The MCE Vocational Education Food Bank revenues will be a reimbursement of actual costs incurred.

### Rate Explanation

The MCE Industries rates for furniture, upholstery, print, and sign shops are based on competitive product pricing.

The MCE Industries laundry rates have basically been at the same level since the inception of the laundry program in 1996. The legislature approved a \$.02 rate increase for the 2003 biennium. The current and approved laundry rates for the 2003 biennium are as follows:

	<i>Current</i>	<i>Approved FY02 and FY03</i>
Montana State Prison	\$.37 per pound	\$.39 per pound
Montana State Hospital	\$.36 per pound	\$.38 per pound
Montana Developmental Center	\$.44 per pound	\$.46 per pound

The projected break-even cost for laundry operations in the 2003 biennium is approximately \$.35 per pound without delivery costs. The difference for Montana Developmental Center is delivery. Any profit is maintained within the Industries account to be used for future laundry equipment replacement, as well as the overall MCE Industries enterprise operation.

The Industries telemarketing rates are based on contracts with private companies. MCE Ranch and Dairy rates are based on the current market prices of cattle, crops, and dairy products. MCE Vocational Education Motor Vehicle Maintenance (MVM) and Toyota program pricing are based on the cost of parts and an hourly labor charge of \$23.50. The labor charge covers the cost of the 4.0 FTE associated with the MVM and Toyota programs.

**Significant Present Law**

DP 405 - MCE Industries Program Expansion FTE - Proprietary funds of \$157,919 in fiscal 2002 and \$158,459 in fiscal 2003 will be used to add 5.0 grade 13 FTE to provide 200 inmates with work and training at regional and private facilities.

DP 406 - MCE Industries and Ranch Inmate Pay - Proprietary funds of \$1,048,895 each year will be used for inmate pay to cover industry workers associated with programs at the regional jail, private prison, MWP, laundry, warehouse, and the various shops.

Inmates involved in the certified programs receive 20 percent of their gross wages and pay federal and state income tax, room and board, family support, and crime victim's compensation.

DP 407 - MCE Ranch and Industries Replacement Equipment - Proprietary funds of \$200,000 in fiscal 2002 and \$220,000 in fiscal 2003 will be used for replacement equipment for the MCE Ranch and Industries programs. The table following DP 408 under "New Proposals" shows the equipment to be replaced.

DP 410 - MCE Ranch & Industries Overtime Request - Proprietary funds will be used for overtime of \$121,573 and \$30,394 for benefits in fiscal years 2002 and 2003.

**New Proposals**

DP 408 - MCE Ranch and Industries New Equipment & Construction - Proprietary funds of \$63,000 in fiscal 2002 and \$78,000 in fiscal 2003 will be used for new equipment. The equipment is for the new industries program start-up at the regional jails and private prisons, and construction materials for ranch and dairy minor projects. The following table shows the new equipment to be purchased with proprietary funds.

Table 8  
Montana Correctional Enterprises  
Equipment Purchases and Replacement

	Fiscal 2002	Fiscal 2003
<u>New Equipment</u>		
Equipment for Regional and Private Prisons	\$25,000	\$30,000
Two Loafing Barns	\$26,000	\$26,000
Commodity Barn	\$12,000	\$0
Farm Equipment Shed	\$0	\$12,000
Calving Facility	<u>\$0</u>	<u>\$10,000</u>
Subtotal	\$63,000	\$78,000
<u>Replacement Equipment</u>		
Furniture Shop Delivery Truck	\$60,000	\$0
Sewing Equipment	20,000	43,000
Hay Swather	60,000	60,000
Marketing Van	0	20,000
Miscellaneous Production Equipment	30,000	30,000
Skid Steer Loader	0	30,000
Spray Booth Upgrade	0	25,000
Homogonizer	9,000	0
Boiler	15,000	0
Freon System, Dairy	6,000	0
Printing Equipment	<u>0</u>	<u>12,000</u>
Subtotal	\$200,000	\$220,000
Total	<u>\$263,000</u>	<u>\$298,000</u>



Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	550.10	12.00	101.78	663.88	12.00	103.53	665.63	665.63
Personal Services	18,747,770	2,302,954	4,109,867	25,160,591	2,423,113	4,200,472	25,371,355	50,531,946
Operating Expenses	10,571,955	(528,198)	5,273,111	15,316,868	(599,714)	5,308,472	15,280,713	30,597,581
Equipment	348,126	(111,379)	259,300	496,047	(111,379)	225,300	462,047	958,094
Capital Outlay	162,470	(162,470)	0	0	(162,470)	0	0	0
Grants	15,869,491	2,729,418	150,000	18,748,909	2,729,480	150,000	18,748,971	37,497,880
Benefits & Claims	378,087	0	0	378,087	0	0	378,087	756,174
Transfers	0	111,338	0	111,338	111,436	0	111,436	222,774
Debt Service	86,895	(83,785)	10,048	13,158	(83,785)	10,048	13,158	26,316
<b>Total Costs</b>	<b>\$46,164,794</b>	<b>\$4,257,878</b>	<b>\$9,802,326</b>	<b>\$60,224,998</b>	<b>\$4,306,681</b>	<b>\$9,894,292</b>	<b>\$60,365,767</b>	<b>\$120,590,765</b>
General Fund	1,510,870	243,221	259,511	2,013,602	246,637	259,637	2,017,144	4,030,746
State/Other Special	13,001,709	783,224	9,431,957	23,216,890	785,226	9,523,797	23,310,732	46,527,622
Federal Special	31,604,562	3,219,714	110,858	34,935,134	3,262,820	110,858	34,978,240	69,913,374
Proprietary	47,653	11,719	0	59,372	11,998	0	59,651	119,023
<b>Total Funds</b>	<b>\$46,164,794</b>	<b>\$4,257,878</b>	<b>\$9,802,326</b>	<b>\$60,224,998</b>	<b>\$4,306,681</b>	<b>\$9,894,292</b>	<b>\$60,365,767</b>	<b>\$120,590,765</b>

### Agency Description

The Department of Labor and Industry has a number of functions. In part, the department:

1. oversees and regulates the Montana Workers' Compensation system;
2. enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws;
3. provides adjudicative services in labor-management disputes;
4. collects and disburses state unemployment trust funds;
5. serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, and assists employers in finding workers;
6. oversees federal and state training and apprenticeship programs;
7. conducts research and collects employment statistics;
8. through Montana Community Services, administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs;
9. licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana;
10. provides administrative and clerical services to the 38 professional boards and occupational licensing programs authorized by state statutes; and
11. establishes and enforces minimum building codes.

Structurally, the department is divided into nine divisions: Job Service, Unemployment Insurance, Commissioner's Office/Centralized Services, Employment Relations (including the Human Rights Commission), Montana Community Services, Workers' Compensation Court (administratively attached), and three new divisions, Weights and Measures Bureau, Professional and Occupational Licensing, and Building Codes Division.

### Summary of Legislative Action

The legislature increased Department of Labor and Industry funding from the fiscal 2000 base by 115.53 FTE and \$28.3 million (\$26.5 million over the 2001 biennium), including increases of \$1.1 million general fund, \$20.5 million state special revenue, \$6.7 million federal funds, and \$23,717 in proprietary authority. Of this increase, 107.53 FTE and \$18.7 million in state special revenue authority can be attributed to the implementation of SB 445, which reorganized the Department of Commerce, including the transfer of three divisions to the Department of Labor and Industry. SB 445 is discussed in further detail in the Reorganization section of this chapter. Additionally, the legislature approved several new proposals which:

1. added \$536,290 general fund over the biennium to continue funding for the Jobs for Montana Graduates program;
2. added \$160,000 state special revenue authority over the biennium to accommodate development and implementation of a career conference coordinated by the Research and Analysis Bureau; and
3. added 0.25 FTE and \$150,000 state special revenue authority to implement provisions of SB 322.

The remainder of the increase was in the form of present law adjustments, which included the following increases:

1. state special revenue (\$212,056 over the biennium) and federal special revenue (\$169,200 over the biennium) to add 4.0 FTE to the Employment Relations Division;
2. general fund of \$198,832 over the biennium to accommodate increased workload within the Human Rights Bureau;
3. federal authority of \$2.2 million over the biennium to accommodate increased grants within the Montana Community Services Division; and
4. state special revenue (\$12,000 over the biennium) and federal special revenue (\$359,267 over the biennium) to add 2.00 FTE and accommodate increased rental costs within the Research and Analysis Bureau.

Additionally, the legislature added language to the boilerplate section of HB 2 that deleted FTE, but not the funding, for all positions that had been vacant for over 7 months, with exceptions. As a result of this language, the department lost 7.25 FTE.

### Reorganization

Senate Bill 445 established the Office of Economic Development within the Office of the Governor, and reorganized the Department of Commerce by transferring several programs and divisions to other agencies. The Department of Labor and Industry received three transferred programs: Professional and Occupational Licensing (POL), Weights and Measures Bureau, and Building Codes Bureau. The transfer resulted in an increase of 107.53 FTE and \$18.7 million in state special revenue authority over the biennium. Table 1 shows the funding changes within the department effected by the reorganization.

Table 1  
Effects of SB 445 on the Department of Labor and Industry

Division/Program	Fiscal 2002		Fiscal 2003	
	FTE	Total Funds (SSR)	FTE	Total Funds (SSR)
<b>Weights and Measures Bureau</b>				
Transferred from Department of Commerce	11.00	\$679,811	11.00	\$679,843
<b>POL</b>				
Transferred from Department of Commerce	35.03	5,342,276	35.03	5,272,573
<b>Building Codes Division</b>				
Transferred from Department of Commerce	57.00	3,158,556	57.00	3,136,542
HB 437 - Add FTE/Funding	1.50	70,389	1.50	52,889
SB 242 - Add FTE/Funding	1.50	100,925	3.00	151,950
<b>Total Change Within Department</b>	<u>106.03</u>	<u>\$9,351,957</u>	<u>107.53</u>	<u>\$9,293,797</u>

**Other Legislation**

House Bill 230 - HB 230 generally revises boiler inspection standards. Among other changes, HB 230 extends the length of time between inspections for some boilers. HB 230 is projected to have minimal effect on the Building Codes Bureau. Professional and Occupational Licensing expenditures are projected to decrease by \$2,700 over the biennium. Additionally, revenues into the Boiler, Blaster, Crane Licensing Account are projected to be decreased by \$22,000 each year of the biennium due to fewer boiler licenses being issued.

House Bill 313 / House Bill 463 - House Bills 313 and 463 generally revise laws relating to domestic violence. HB 313 establishes a requirement for counseling provided by a licensed Domestic Violence Counselor and Facilitator. Pursuant to this, Professional and Occupational Licensing projects an increase in expenditures of \$4,550 over the biennium and increased state special revenues of \$1,500 over the biennium. HB 463 provides for qualified victims of domestic violence to receive unemployment insurance. Expenditures from and revenues into the Unemployment Insurance Trust Fund are projected to increase by \$11,280 in each year of the biennium.

House Bill 437 - HB 437 adds several types of lifting devices to the list of lifting devices inspected by the Building Codes Bureau. Projected increases to expenditures from and revenues into the Building Codes State Special Revenue Account total \$123,278 over the biennium. The legislature increased the Building Codes Bureau's state special revenue authority by this amount to accommodate HB 437.

House Bill 500 - HB 500 revises certain provisions of the Little Davis-Bacon laws, including changes to the calculation of prevailing wage. Due to the addition of a prevailing wage survey during the biennium, the department projects the addition of 0.5 FTE and increased state special revenue expenditures of \$18,746 in fiscal 2002, and \$16,099 in fiscal 2003. The legislature did not provide additional state special revenue authority to implement HB 500.

House Bill 526 - HB 526 creates the Montana Summer Youth Employment Program. Implementation of the program was contingent upon funding. Although no funding was identified specifically for the program, the legislature included the following language in the Department of Health and Human Services' budget: "If the TANF block grant funds report given at the March 2002 Legislative Finance Committee meeting indicates that there are FAIM phase II R dollars unexpended and no plan is in place to expend the remaining dollars, there is appropriated up to \$1.5 million of these unexpended funds for the Summer Youth Employment Program in the 2003 biennium."

Senate Bill 242 - SB 242 limits the jurisdictional area for a municipal building code to the area within the limits of an incorporated city or town, and revises the procedures to establish a county building code jurisdictional area. SB 242 effectively removes the extended building code jurisdiction currently enforced by several municipalities in Montana. Therefore, the number of inspections performed by the Building Codes Bureau is projected to increase during the 2003 biennium. The legislature added 1.5 FTE in fiscal 2002 and 3.0 FTE in fiscal 2003, and additional state special revenue authority of \$318,800 over the biennium to accommodate the projected increase in inspections. Corresponding increases in revenue are projected to offset the increased expenditures.

Senate Bill 288 - SB 288 requires the Board of Pharmacy to create a program for the donation of prescription drugs by long-term care facilities to provisional community pharmacies offering drugs to certain low-income persons. SB 288 also requires the Board of Pharmacy to adopt rules pertaining to the donation of prescription drugs by long-term care facilities. As a result, the department projects Professional and Occupational Licensing expenditures to increase by \$5,036 over the biennium. Revenues into the Board of Pharmacy State Special Revenue Account are projected to increase correspondingly, and will offset the expenditure increase.

Senate Bill 322 - SB 322 creates the Natural Resource Workers' Education Program, and funds the Natural Resource Workers' Tuition Scholarship Account, at a level not to exceed \$150,000 each year, from proceeds remaining from the Resource Indemnity and Ground Water Assessment taxes. The legislature added \$150,000 of state special revenue authority to the department for fiscal 2003.



**Senate Bill 428** - SB 428 increases the Unemployment Insurance maximum weekly benefit amount from 60 percent to 63 percent of the average weekly wage. Expenditures from and revenues into the Unemployment Insurance Trust Fund are projected to increase by \$1.0 million in each year of the biennium.

**Senate Bill 445** - SB 445 establishes the Office of Economic Development within the Office of the Governor, reorganizes the Department of Commerce, and transfers several functions to other agencies. The Department of Labor and Industry received three transferred programs: Professional and Occupational Licensing, Weights and Measures Bureau, and Building Codes Bureau. For further discuss, see the Reorganization section above.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	550.10	564.10	663.88	99.78	564.10	665.63	101.53	
Personal Services	18,747,770	21,122,877	25,160,591	4,037,714	21,243,286	25,371,355	4,128,069	8,165,783
Operating Expenses	10,571,955	10,252,030	15,316,868	5,064,838	10,237,476	15,280,713	5,043,237	10,108,075
Equipment	348,126	236,747	496,047	259,300	236,747	462,047	225,300	484,600
Capital Outlay	162,470	0	0	0	0	0	0	0
Grants	15,869,491	18,748,909	18,748,909	0	18,748,971	18,748,971	0	0
Benefits & Claims	378,087	378,087	378,087	0	378,087	378,087	0	0
Transfers	0	111,338	111,338	0	111,436	111,436	0	0
Debt Service	86,895	3,110	13,158	10,048	3,110	13,158	10,048	20,096
<b>Total Costs</b>	<b>\$46,164,794</b>	<b>\$50,853,098</b>	<b>\$60,224,998</b>	<b>\$9,371,900</b>	<b>\$50,959,113</b>	<b>\$60,365,767</b>	<b>\$9,406,654</b>	<b>\$18,778,554</b>
General Fund	1,510,870	2,044,524	2,013,602	(30,922)	2,048,212	2,017,144	(31,068)	(61,990)
State/Other Special	13,001,709	13,871,249	23,216,890	9,345,641	13,873,171	23,310,732	9,437,561	18,783,202
Federal Special	31,604,562	34,877,953	34,935,134	57,181	34,978,079	34,978,240	161	57,342
Proprietary	47,653	59,372	59,372	0	59,651	59,651	0	0
<b>Total Funds</b>	<b>\$46,164,794</b>	<b>\$50,853,098</b>	<b>\$60,224,998</b>	<b>\$9,371,900</b>	<b>\$50,959,113</b>	<b>\$60,365,767</b>	<b>\$9,406,654</b>	<b>\$18,778,554</b>

### Executive Budget Comparison

The legislative budget is \$18.8 million and 101.53 FTE higher than the Executive Budget, with a general fund reduction of \$61,990 over the biennium. The increase in FTE and total funding can be almost entirely attributed to the transfer of three programs into the department as a result of the passage of SB 445 (107.53 FTE and \$18.6 million state special revenue increase). The legislature made other adjustments to the Executive Budget, including:

1. elimination of general fund from Job Service Division administrative cost increases (approximately \$32,000 over the biennium);
2. reduction in federal special revenue authority related to computer purchases and the department's cost allocation plan (approximately \$160,000 over the biennium);
3. disapproval of a general fund increase within the Commissioner's Office/Centralized Services Division for Human Rights Bureau support (approximately \$11,000 over the biennium);
4. reduction in general fund by an amount equal to the general fund share of 1 percent of authorized FTE (\$15,296 over the biennium);
5. reduction in general fund by an amount equal to 1 percent of fiscal 2000 general fund travel expenditures (\$1,846 over the biennium); and
6. implementation of boilerplate language which reduced FTE within the division by 7.25 FTE, with no corresponding reduction in funding.

### Language

It is the intent of the legislature that the rates charged for centralized services functions be agreed to by the United States Department of Labor federal cost negotiator. It is anticipated that the assessment will be approximately 9 percent and 10 percent of a program's actual personal services costs incurred in fiscal year 2002 and fiscal year 2003.

Item [Commissioner's Office/Centralized Services Division] includes a reduction in general fund of \$923 in fiscal 2002 and \$923 in fiscal 2003. This reduction is the equivalent of a 1 percent reduction in fiscal 2000 base budget travel

expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Commissioner's Office/Centralized Services Division] includes a general fund reduction of \$7,635 in fiscal 2002 and \$7,661 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Items [Professional and Occupational Licensing, Legal Contingency, Weights and Measures Bureau, Legislative Audit, Building Codes Bureau, Legislative Audit, and Building Codes Vehicle Replacement] are contingent upon passage and approval of Senate Bill 445. (Note - SB 445 was passed and approved.)

It is the intent of the legislature that the internal service rates charged for [Professional and Occupational Licensing, Weights and Measures Bureau, and Building Codes Bureau] will be approximately 9 percent and 10 percent of a program's actual personal services costs incurred in fiscal 2002 and fiscal 2003.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	299.35	2.00	2.00	303.35	2.00	2.25	303.60	303.60
Personal Services	9,807,192	1,066,458	72,153	10,945,803	1,127,931	88,568	11,023,691	21,969,494
Operating Expenses	5,707,403	(994,945)	125,916	4,838,374	(1,068,447)	259,653	4,898,609	9,736,983
Equipment	281,455	(134,744)	0	146,711	(134,744)	0	146,711	293,422
Capital Outlay	162,470	(162,470)	0	0	(162,470)	0	0	0
Grants	14,317,296	1,628,303	150,000	16,095,599	1,628,303	150,000	16,095,599	32,191,198
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	111,338	0	111,338	111,436	0	111,436	222,774
Debt Service	83,785	(83,785)	0	0	(83,785)	0	0	0
<b>Total Costs</b>	<b>\$30,359,601</b>	<b>\$1,430,155</b>	<b>\$348,069</b>	<b>\$32,137,825</b>	<b>\$1,418,224</b>	<b>\$498,221</b>	<b>\$32,276,046</b>	<b>\$64,413,871</b>
General Fund	595,109	64,740	268,069	927,918	66,027	268,221	929,357	1,857,275
State/Other Special	6,046,489	632,696	80,000	6,759,185	609,062	230,000	6,885,551	13,644,736
Federal Special	23,710,321	733,569	0	24,443,890	743,985	0	24,454,306	48,898,196
Proprietary	7,682	(850)	0	6,832	(850)	0	6,832	13,664
<b>Total Funds</b>	<b>\$30,359,601</b>	<b>\$1,430,155</b>	<b>\$348,069</b>	<b>\$32,137,825</b>	<b>\$1,418,224</b>	<b>\$498,221</b>	<b>\$32,276,046</b>	<b>\$64,413,871</b>

### Program Description

The Job Service Division (JSD) operates through five bureaus. The Field Operations Bureau functions through a network of 23 job service centers. The division is a gateway to government services in the area of employment and training services. JSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare-to-work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include the Electronic Labor Exchange Bureau, Workforce Development Bureau, Program Management Bureau, and the Research and Analysis Bureau.

### Funding

Job Service Division operations for the biennium are funded with general fund, state special revenue, federal funds, and proprietary funds from rent recharges and special projects. General fund supports the Jobs for Montana Graduates; Apprenticeship and Training; and Displaced Homemaker programs. State special revenue includes \$9.0 million in Employment Security Account funds and \$4.1 million in Montana Job Training Partnership subgrants and contracts. Federal funding includes \$26.2 million in Workforce Investment Act funds, \$14.6 million in federal Labor and Industry funds (including Wagner-Peyser funds), and \$4.4 million in employment training grants.



Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				1,433,924						1,497,654
Vacancy Savings				(304,949)						(306,860)
Inflation/Deflation				(38,473)						(34,597)
Fixed Costs				216,363						142,597
<b>Total Statewide Present Law Adjustments</b>				<b>\$1,306,865</b>						<b>\$1,298,794</b>
DP 1 - WIA Funding & CAP Increase	0.00	0	7,748	1,427,924	1,435,672	0.00	0	7,806	1,428,014	1,435,820
DP 3 - Lease Vehicles	0.00	0	0	8,994	8,994	0.00	0	0	20,752	20,752
DP 5 - Research & Analysis FTE & Operating Increase	2.00	0	6,000	178,403	184,403	2.00	0	6,000	180,864	186,864
DP 6 - Federal Funding Change and CAP Increase	0.00	0	40,000	(1,384,768)	(1,344,768)	0.00	0	40,000	(1,402,406)	(1,362,406)
DP 696 - Data Network Fixed Cost Reduction	0.00	(96)	(4,605)	(488)	(5,189)	0.00	(94)	(4,547)	(485)	(5,126)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(729)	(1,855)	(7,818)	(10,402)	0.00	(730)	(1,857)	(7,830)	(10,417)
DP 699 - Vacancy Savings at 4 Percent	0.00	(3,741)	(126,784)	(14,895)	(145,420)	0.00	(3,755)	(127,353)	(14,949)	(146,057)
<b>Total Other Present Law Adjustments</b>				<b>\$207,352</b>	<b>\$123,290</b>	<b>2.00</b>	<b>(\$4,579)</b>	<b>(\$79,951)</b>	<b>\$203,960</b>	<b>\$119,430</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,430,155</b>						<b>\$1,418,224</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - WIA Funding & CAP Increase - The legislature approved an increase in state and federal special revenue authority to accommodate:

1. increased federal funding as the Workforce Investment Act is implemented; and
2. state and federal special revenue increases for the department's cost allocation plan. The legislature did not approve the general fund portion of the cost allocation plan increase.

DP 3 - Lease Vehicles - The legislature approved an increase in federal state special revenue authority to replace six older department-owned vehicles with leased motor pool vehicles, including corresponding decreases in gas and maintenance expenses.

DP 5 - Research & Analysis FTE & Operating Increase - The legislature approved increases to state and federal special revenue authority to add 2.0 FTE to the Research and Analysis Bureau (R&A), and meet increases in rental costs and the department's cost allocation plan. The 2.0 FTE will be used to meet new Workforce Investment Act requirements to 'localize' the labor market information previously reported at the federal level. Rent increases in the amount of \$108,240 and \$110,375 over the biennium were added to accommodate R&A staff consolidation in the old Shodair Hospital building. The legislature designated the FTE and related funding, approximately \$83,000 in each year of the biennium, as one-time-only.

DP 6 - Federal Funding Change and CAP Increase - The legislature approved an increase in federal special revenue authority to adjust federal funding levels as the Trade Adjustment Assistance and Workforce Investment Acts are implemented, including a decrease to eliminate a one-time federal One-Stop Implementation Grant from base-year expenditures. Increases include training grants and OJT reimbursements within the Job Service Division Pay Unit, and increases for the department's cost allocation plan.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2 - Jobs for Montana Graduates Funding										
01	1.00	268,069	0	0	268,069	1.00	268,221	0	0	268,221
DP 7 - Research & Analysis Career Conference										
01	1.00	0	80,000	0	80,000	1.00	0	80,000	0	80,000
DP 322 - SB 322 - Natural Resource Worker Education and Retraining										
01	0.00	0	0	0	0	0.25	0	150,000	0	150,000
<b>Total</b>	<b>2.00</b>	<b>\$268,069</b>	<b>\$80,000</b>	<b>\$0</b>	<b>\$348,069</b>	<b>2.25</b>	<b>\$268,221</b>	<b>\$230,000</b>	<b>\$0</b>	<b>\$498,221</b>

### New Proposals

DP 2 - Jobs for Montana Graduates Funding - The legislature approved an increase in general fund for the continued operation of the Jobs for Montana's Graduates (JMG) Program at a total biennial cost of \$536,290. The Jobs for Montana's Graduates program was established in 1990, and is an affiliate of a national non-profit organization, Jobs for America's Graduates. The 1999 legislature granted one-time-only funding of \$558,746 during the 2001 biennium. This increase brings JMG back approximately to that level of funding.

DP 7 - Research & Analysis Career Conference - The legislature approved an increase in state special revenue authority to allow the department to plan, organize, and host an annual statewide career conference. The conference is projected to be self-sustaining through the contribution of funding from conference participants and conference registration fees. This increase includes funding for 1.0 FTE to act as conference coordinator.

DP 322 - SB 322 - Natural Resource Worker Education and Retraining - Under the provisions of SB 322, the Department of Labor and Industry will administer the Natural Resource Worker Education and Retraining program. The legislature added 0.25 FTE and \$150,000 in state special revenue authority in fiscal 2003 to implement and fund this program.

### Language

Item [SB 322 -- Natural Resource Worker Education and Retraining] is contingent upon passage and approval of Senate Bill 322. (Note - SB 322 was passed and approved.)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	105.50	4.00	0.00	109.50	4.00	0.00	109.50	109.50
Personal Services	3,815,246	524,060	0	4,339,306	546,708	0	4,361,954	8,701,260
Operating Expenses	1,697,075	564,596	0	2,261,671	571,311	0	2,268,386	4,530,057
Equipment	(23,600)	23,600	0	0	23,600	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	3,104	0	0	3,104	0	0	3,104	6,208
<b>Total Costs</b>	<b>\$5,491,825</b>	<b>\$1,112,256</b>	<b>\$0</b>	<b>\$6,604,081</b>	<b>\$1,141,619</b>	<b>\$0</b>	<b>\$6,633,444</b>	<b>\$13,237,525</b>
State/Other Special	285,705	2,948	0	288,653	2,948	0	288,653	577,306
Federal Special	5,206,120	1,109,308	0	6,315,428	1,138,671	0	6,344,791	12,660,219
<b>Total Funds</b>	<b>\$5,491,825</b>	<b>\$1,112,256</b>	<b>\$0</b>	<b>\$6,604,081</b>	<b>\$1,141,619</b>	<b>\$0</b>	<b>\$6,633,444</b>	<b>\$13,237,525</b>

### Program Description

The Unemployment Insurance (UI) Division administers the state unemployment insurance laws and related federal programs, which provide temporary, partial wage replacement to involuntarily-unemployed individuals. The UI Division is organized into three bureaus: UI Benefits, UI Program Support, and UI Phone Claims. The UI Contributions Bureau was reorganized by the 1997 legislature under HB 561, which delegated UI tax collection activities to the Department of Revenue. The UI Benefits Bureau receives, processes, and pays UI benefit claims and adjudicates disputed benefit claims. The UI Program Support Bureau manages the Benefit Automated Rewrite System (BeAR), the UI insurance, and benefit accounting and payment systems. The UI Phone Claims Bureau has two phone centers (Billings and Helena) through which claimants can file unemployment claims, and where employers can make UI-related inquiries.

### Funding

The UI Division is funded with state special revenue funds, including \$540,306 from the Employment Security Account and \$37,000 from Department of Labor Information Exchange funds; and federal funds, which are primarily Unemployment Insurance Administrative Grants (\$12.0 million).

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				157,038					180,630
Vacancy Savings				(107,911)					(108,619)
Inflation/Deflation				(37,219)					(35,649)
Fixed Costs				51,352					29,364
<b>Total Statewide Present Law Adjustments</b>				<b>\$63,260</b>					<b>\$65,726</b>
DP 1 - ICON Programmer	1.00	0	0	55,566	1.00	0	0	55,566	55,566
DP 2 - Operating Increases/FTE Requests	3.00	0	2,853	1,061,663	3.00	0	2,853	1,088,835	1,091,688
DP 696 - Data Network Fixed Cost Reduction	0.00	0	0	(1,621)	0.00	0	0	(1,601)	(1,601)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	0	(18,060)	0.00	0	0	(18,119)	(18,119)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	0	(51,405)	0.00	0	0	(51,641)	(51,641)
<b>Total Other Present Law Adjustments</b>	<b>4.00</b>	<b>\$0</b>	<b>\$2,853</b>	<b>\$1,046,143</b>	<b>4.00</b>	<b>\$0</b>	<b>\$2,853</b>	<b>\$1,073,040</b>	<b>\$1,075,893</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,112,256</b>					<b>\$1,141,619</b>



**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - ICON Programmer - The legislature approved an increase in federal special revenue authority allowing the addition of a full-time programmer for the division's Interstate Connection (ICON) automated benefits program. This increase establishes the currently modified position as permanent.

DP 2 - Operating Increases/FTE Requests - The legislature approved an increase in state and federal special revenue authority for the following:

1. convert 3 modified FTE to permanent - approximately \$108,000 each year;
2. purchase replacement computers - approximately \$31,000 each year;
3. accommodate increased federal Contingency and Integrity funds - approximately \$795,000 in fiscal 2002 and \$790,000 in fiscal 2003;
4. fund increases to the department's cost allocation plan - approximately \$107,000 in fiscal 2002 and \$139,000 in fiscal 2003; and
5. correct a base year accounting error - \$23,600 each year.

The legislature designated the funding for the requested FTE as one-time-only.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	20.50	0.00	(0.50)	20.00	0.00	(0.50)	20.00	20.00
Personal Services	863,365	14,806	(7,635)	870,536	21,306	(7,661)	877,010	1,747,546
Operating Expenses	299,791	12,907	(923)	311,775	10,758	(923)	309,626	621,401
<b>Total Costs</b>	<b>\$1,163,156</b>	<b>\$27,713</b>	<b>(\$8,558)</b>	<b>\$1,182,311</b>	<b>\$32,064</b>	<b>(\$8,584)</b>	<b>\$1,186,636</b>	<b>\$2,368,947</b>
General Fund	133,561	24,939	(8,558)	149,942	25,371	(8,584)	150,348	300,290
State/Other Special	552,457	(18,306)	0	534,151	(16,409)	0	536,048	1,070,199
Federal Special	437,167	8,511	0	445,678	10,254	0	447,421	893,099
Proprietary	39,971	12,569	0	52,540	12,848	0	52,819	105,359
<b>Total Funds</b>	<b>\$1,163,156</b>	<b>\$27,713</b>	<b>(\$8,558)</b>	<b>\$1,182,311</b>	<b>\$32,064</b>	<b>(\$8,584)</b>	<b>\$1,186,636</b>	<b>\$2,368,947</b>

### Program Description

The Commissioner's Office and the Legal and Centralized Services Division (CSD) provide program direction, legal, administrative, and support services to the department. Legal and Centralized Services provide the central support functions of the department through seven bureaus: Accounting; Information Services; Budget; Personnel and Training; Hearings; and Legal Services. A three-member Board of Labor Appeals is administratively attached; this board hears appeals concerning the administration of Montana unemployment insurance laws and employer/employee relationships.

### Funding

The division's operations are funded with general fund, state special revenue from the Employment Security and Workers' Compensation Regulation accounts, federal Labor and Industry funds, and proprietary funds from the department's internal cost allocation plan. (For further discussion of the department's internal cost allocation plan, refer to the proprietary rates discussion at the end of this section.) General fund pays expenses associated with CSD support to the Human Rights Bureau in the Employment Relations Division. Proprietary funds appropriated in HB 2 are for Legal Service Bureau support to the department.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				44,676					51,448
Vacancy Savings				(25,011)					(25,215)
Inflation/Deflation				349					1,239
Fixed Costs				11,216					8,204
<b>Total Statewide Present Law Adjustments</b>				<b>\$31,230</b>					<b>\$35,676</b>
DP 2 - BOLA Per Diem and Operating Costs									
0.00	1,451	2,903	9,352	15,964*	0.00	1,451	2,903	9,352	15,962*
DP 696 - Data Network Fixed Cost Reduction									
0.00	0	(189)	(90)	(279)	0.00	0	(187)	(89)	(276)
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	(820)	(3,711)	(3,187)	(7,893)*	0.00	(823)	(3,724)	(3,198)	(7,921)*
DP 699 - Vacancy Savings at 4 Percent									
0.00	(1,469)	(5,254)	(4,127)	(11,309)*	0.00	(1,476)	(5,285)	(4,155)	(11,377)*
<b>Total Other Present Law Adjustments</b>									
0.00	(\$838)	(\$6,251)	\$1,948	(\$3,517)*	0.00	(\$848)	(\$6,293)	\$1,910	(\$3,612)*
<b>Grand Total All Present Law Adjustments</b>				<b>\$27,713*</b>					<b>\$32,064*</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the

narrative descriptions.

DP 2 - BOLA Per Diem and Operating Costs - The legislature approved an increase to general fund and state and federal special revenue authority to support operations of the Board of Labor Appeals (BOLA). Increases include per diem for board members and the board's share of the department's cost allocation plan increases.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 689 - FTE Reduction										
03	(0.50)	0	0	0	0	(0.50)	0	0	0	0
DP 691 - Personal Services General Fund Reduction										
03	0.00	(7,635)	0	0	(7,635)	0.00	(7,661)	0	0	(7,661)
DP 693 - Statewide Travel Reduction										
03	0.00	(923)	0	0	(923)	0.00	(923)	0	0	(923)
<b>Total</b>	<b>(0.50)</b>	<b>(\$8,558)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,558)</b>	<b>(0.50)</b>	<b>(\$8,584)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,584)</b>

### New Proposals

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 1 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

### Language

It is the intent of the legislature that the rates charged for centralized services functions be agreed to by the United States Department of Labor federal cost negotiator. It is anticipated that the assessment will be approximately 9 percent and 10 percent of a program's actual personal services costs incurred in fiscal 2002 and fiscal 2003.

It is the intent of the legislature that the internal service rates charged for program 05, program 06, and program 08 will be approximately 9 percent and 10 percent of a program's actual personal services costs incurred in fiscal 2002 and fiscal 2003.

Item [Commissioner's Office/Centralized Services Division] includes a reduction in general fund of \$923 in fiscal 2002 and \$923 in fiscal 2003. This reduction is the equivalent of a 1 percent reduction in fiscal 2000 base budget travel



expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Commissioner's Office/Centralized Services Division] includes a general fund reduction of \$7,635 in fiscal 2002 and \$7,661 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

## **Proprietary Rates**

### **Program Description**

The Commissioner's Office and the Legal and Centralized Services Division provide program direction, legal, administrative, and support services to the department. Legal and Centralized Services provide central support functions for the department through seven bureaus: Accounting; Information Services; Budget; Personnel and Training; Hearings; and Legal Services. The three-member Board of Labor Appeals is administratively attached; this board hears appeals concerning the administration of Montana unemployment insurance laws and employer/employee relationships.

### **Revenues and Expenses**

The Commissioner's Office and the Legal/Centralized Services Division are funded through a cost allocation plan under which the various divisions in the agency are assessed a percentage of personal services costs in support of providing centralized functions. The Commissioner's Office/Centralized Services Division recovers the costs of the input/output control operations function, which provides traffic control of data input, jobs for the mainframe computer system, and report output.

Sixty days of personal services, operations, and miscellaneous operating expenses less non-cash expenses equals approximately \$316,383. This figure is the minimum amount determined necessary by the department to maintain on-going operations. The working capital balance is used in calculating the final CAP rate.

### **Rate Explanation**

The legislature approved rates of 9.44 percent and 10.14 percent for fiscal 2002 and 2003, respectively.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	115.75	5.00	(5.75)	115.00	5.00	(5.75)	115.00	115.00
Personal Services	3,830,270	685,704	63,463	4,579,437	712,525	63,463	4,606,258	9,185,695
Operating Expenses	2,585,937	(174,737)	30,595	2,441,795	(180,380)	30,595	2,436,152	4,877,947
Equipment	90,271	(235)	16,800	106,836	(235)	16,800	106,836	213,672
Benefits & Claims	378,087	0	0	378,087	0	0	378,087	756,174
Debt Service	6	0	0	6	0	0	6	12
<b>Total Costs</b>	<b>\$6,884,571</b>	<b>\$510,732</b>	<b>\$110,858</b>	<b>\$7,506,161</b>	<b>\$531,910</b>	<b>\$110,858</b>	<b>\$7,527,339</b>	<b>\$15,033,500</b>
General Fund	757,305	153,542	0	910,847	155,239	0	912,544	1,823,391
State/Other Special	5,715,686	115,066	0	5,830,752	133,859	0	5,849,545	11,680,297
Federal Special	411,580	242,124	110,858	764,562	242,812	110,858	765,250	1,529,812
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$6,884,571</b>	<b>\$510,732</b>	<b>\$110,858</b>	<b>\$7,506,161</b>	<b>\$531,910</b>	<b>\$110,858</b>	<b>\$7,527,339</b>	<b>\$15,033,500</b>

### Program Description

The Employment Relations Division (ERD) consists of the following bureaus and programs:

1. Workers' Compensation (WC) Regulation, which regulates WC insurance coverage requirements, policy compliance, medical regulations, and cost containment, and the WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlements of their disputes;
2. The Labor Standards Bureau, which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation;
3. The Safety Bureau, which administers federal and state industrial safety laws;
4. The Human Rights Bureau, which enforces the Montana Human Rights Act and the Governmental Code of Fair Practices through investigations, conciliations, hearings, and education. This bureau is responsible for enforcing laws that prohibit discrimination in employment, housing, public accommodations, financing and credit transactions, insurance, education, and government services;
5. Contractor Registration and Independent Contractor Exemption programs, which register contractors; and
6. The Board of Personnel Appeals, which deals with issues related to wages and hours, and collective bargaining disputes between employers and employees. This board is administratively attached to the division.

### Funding

The Employment Relations Division (ERD) is funded with state special revenues from the Workers' Compensation Regulation Fund and the Employment Security Account (ESA), in combination with fees paid for the Independent Contractor Exemption and Contractors' Registration programs. Funds from the subsequent injury and the uninsured employers' fund support benefits to these injured workers, and provide partial funding support for administrative functions. The general fund supports a portion of the Human Rights Bureau, Silicosis, and Social Security Benefits programs. Federal support is derived from coal mine safety, on-site consultation, Unemployment Insurance grants, and Equal Employment Opportunity funds.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					694,879					722,244
Vacancy Savings					(123,223)					(124,044)
Inflation/Deflation					363					4,496
Fixed Costs					96,629					90,824
Total Statewide Present Law Adjustments					\$668,648	\$693,520				
DP 1 - Human Rights Workload	1.00	99,112	(56,416)	0	42,696	1.00	99,720	(56,832)	0	42,888
DP 2 - ERD FTE Request		0	108,787	84,600	193,387	4.00	0	103,269	84,600	187,869
DP 3 - Adjust Operating Costs	4.00									
	0.00	6,000	(356,072)	16,006	(334,066)	0.00	6,000	(354,188)	16,006	(332,182)
DP 696 - Data Network Fixed Cost Reduction										
	0.00	(177)	(1,440)	0	(1,617)	0.00	(175)	(1,421)	0	(1,596)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(6,404)	(49,184)	(2,728)	(58,316)	0.00	(6,438)	(49,411)	(2,740)	(58,589)
Total Other Present Law Adjustments										
	5.00	\$98,531	(\$354,325)	\$97,878	(\$157,916)	5.00	\$99,107	(\$358,583)	\$97,866	(\$161,610)
Grand Total All Present Law Adjustments					\$510,732	\$531,910				

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Human Rights Workload - The legislature approved an increase in general fund and a decrease in state special revenue authority for personal services and associated operating costs related to the department's Human Rights Bureau. The legislature designated the FTE and its funding, approximately \$21,000 in each year of the biennium, as one-time-only.

DP 2 - ERD FTE Request - The legislature approved an increase to state and federal special revenue authority to add 4.0 FTE to the division. The added positions include two on-site consultants for the Safety On-site Consultation program and two grade 14 administrators to: 1) address the increased workload involved in licensing and monitoring professional employer organizations; and 2) review applications and perform reviews of applicants to the Individual Contractor Exemption Program. This increase is funded with state special revenue from Workers' Compensation Regulation and Independent Contractor Exemption funds, as well as federal On-site Consultation funds.

DP 3 - Adjust Operating Costs - The legislature approved adjustments effecting a net increase to general fund and federal special revenue, and a net decrease to state special revenue, for changes within the Employment Relations Division. Increases include: 1) \$11,550 each year for per diem expenses associated with the Board of Personnel Appeals and the Human Rights Commission; 2) a net increase of \$25,756 over the biennium to replace 4 agency-owned vehicles with leased vehicles; and 3) an increase of \$167,432 over the biennium for consulting services for actuarial analysis of workers' compensation data. Decreases include expenses incurred in the base year that were non-recurring in nature. This adjustment also includes increases for the department's cost allocation plan.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.



DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 13 - ERD Federal Funds										
04	0.00	0	0	110,858	110,858	0.00	0	0	110,858	110,858
DP 689 - FTE Reduction										
04	(5.75)	0	0	0	0	(5.75)	0	0	0	0
<b>Total</b>	<b>(5.75)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,858</b>	<b>\$110,858</b>	<b>(5.75)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,858</b>	<b>\$110,858</b>

### New Proposals

DP 13 - ERD Federal Funds - The legislature approved an increase in federal special revenue authority to allow the department to accommodate increased federal funding for the On-Site Safety Program (\$102,000 each year) and the Human Rights Program (\$8,858 each year).

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	35.03	35.03	0.00	35.03	35.03	35.03
Personal Services	0	0	1,287,013	1,287,013	0	1,295,350	1,295,350	2,582,363
Operating Expenses	0	0	4,045,215	4,045,215	0	3,967,175	3,967,175	8,012,390
Debt Service	0	0	10,048	10,048	0	10,048	10,048	20,096
<b>Total Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,342,276</b>	<b>\$5,342,276</b>	<b>\$0</b>	<b>\$5,272,573</b>	<b>\$5,272,573</b>	<b>\$10,614,849</b>
State/Other Special	0	0	5,342,276	5,342,276	0	5,272,573	5,272,573	10,614,849
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,342,276</b>	<b>\$5,342,276</b>	<b>\$0</b>	<b>\$5,272,573</b>	<b>\$5,272,573</b>	<b>\$10,614,849</b>

### Program Description

The Professional and Occupational Licensing Division (POL) provides the administrative and clerical services needed by the 38 professional boards and occupational licensing programs authorized by state statutes. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings and hearings, and providing the legal staff and investigators who investigate legal infractions.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Professional and Occupational Licensing Division in its entirety from the Department of Commerce to the Department of Labor and Industry.

### Funding

The licensing boards in the Professional and Occupational Licensing Division (POL) are funded with state special revenues obtained from license fees set by each board. Fees are collected from activities that include providing license applications, examinations, license renewals, reciprocity, and continuing education. Administrative cost assessments also contribute to the funding of POL. POL administrative costs are funded through assessments (recharges) on all boards and are deposited in a proprietary fund. This internal charge provides funding for various administrative, clerical, and legal support services provided to the boards. These funds do not require an appropriation and therefore are not listed in the funding tables. (For further discussion of this account, please refer to the proprietary rates discussion at the end of this section.)

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
05	35.03	0	5,342,276	0	5,342,276	35.03	0	5,272,573	0	5,272,573
<b>Total</b>	<b>35.03</b>	<b>\$0</b>	<b>\$5,342,276</b>	<b>\$0</b>	<b>\$5,342,276</b>	<b>35.03</b>	<b>\$0</b>	<b>\$5,272,573</b>	<b>\$0</b>	<b>\$5,272,573</b>

### New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Professional and Occupational Licensing Division was transferred in its entirety from the Department of Commerce to the Department of Labor and Industry. The operating budget transferred to this department contained:

1. base year funding of \$9.3 million over the biennium; and
2. the following changes (DP 9, 13, 34, and 699) as approved by the legislature during hearings on the Department of Commerce budget.

DP 9 - Board Operating Expenses - The legislature approved an increase in state special revenue authority of \$1.2 million across the biennium for operating expenses necessary to support various board activities. Increases include travel, overtime, per diem, postage, printing, supplies, and rent, as well as the contracted services of independent

inspectors and expert witnesses. Adjustments are also made for department indirect costs. Negative adjustments are made for moving expenses incurred in the base year. This increase also includes \$70,000 of state special authority in each year of the biennium in order to reestablish the POL and Building Codes divisions' legal proceedings contingency fund. The legislature designated the legal contingency fund appropriation as restricted/one-time-only.

DP 13 - Licensing FTE - The legislature approved an increase in state special revenue authority of \$126,400 over the biennium for personal services and related operating expenses to add 2.5 FTE for administrative support of the boards of Architects, Dentistry, and Medical Examiners. Increases include 0.3 FTE for the Board of Architects for Architectural Licensing Program support, 0.7 FTE for the Board of Dentistry for Dentistry Licensing Program support, and 1.5 FTE for the Board of Medical Examiners.

DP 34 - POL Rent - The legislature approved an adjustment to consolidate rental payments within the division. This adjustment moves authority of \$30,019 per year from state special revenue funds to the POL Division Proprietary Fund, allowing the division to centralize rental charges for all boards and programs assigned.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment decreased state special revenue authority by \$30,600 over the biennium.

### **Language**

The Professional and Occupational Licensing staff and operating budget designated as proprietary will transfer into this department with Professional and Occupational Licensing (05).

Items [Professional and Occupational Licensing, Legal Contingency, Weights and Measures Bureau, Legislative Audit, Building Codes Bureau, Legislative Audit, and Building Codes Vehicle Replacement] are contingent upon passage and approval of Senate Bill 445. (Note - SB 445 was passed and approved.)

## **Proprietary Rates**

### **Program Description**

The POL Administrative Services Bureau provides all the professional, technical, administrative, legal, and clerical services required by the professional licensing regulatory boards and programs authorized in this division.

The thirty-three boards and five programs attached to the Professional and Occupational Licensing Division include:

### **Boards**

Alternative Health Care Board  
Board of Architects  
Board of Athletics  
Board of Barbers  
Board of Chiropractors  
Board of Clinical Laboratory Science Practitioners  
Board of Cosmetologists  
Board of Dentistry  
Board of Funeral Service  
Board of Hearing Aid Dispensers  
Board of Landscape Architects  
Board of Medical Examiners  
Board of Nursing  
Board of Nursing Home Administrators  
Board of Occupational Therapy Practice  
Board of Optometry



Board of Outfitters  
Board of Pharmacy  
Board of Physical Therapy Examiners  
Board of Plumbers  
Board of Private Security Patrol Officers and Investigators  
Board of Professional Engineers & Professional Land Surveyors  
Board of Psychologists  
Board of Public Accountants  
Board of Radiologic Technologists  
Board of Real Estate Appraisers  
Board of Realty Regulation  
Board of Respiratory Care Practitioners  
Board of Sanitarians  
Board of Social Work Examiners and Professional Counselors  
Board of Speech-Language Pathologists and Audiologists  
Board of Veterinary Medicine  
State Electrical Board

**Programs**

Boiler Operators/Engineers  
Crane/Hoisting Operators  
Chemical Dependency Counselors  
Fire Prevention and Permitting  
Construction Blasters

**Revenues and Expenses**

The stated revenue objective of the POL Administrative Services Account is to assess the common costs of operations to the special revenue accounts on an equitable basis, while attempting to maintain a reasonable working capital reserve.

**Rate Explanation**

Recharge rates are allocated to the state special revenue accounts based upon requested appropriations, less any program-direct personal services amounts. Each program is assigned a percentage rate based on adjusted appropriations in comparison to the total appropriation for all accounts. That percentage rate is then applied to the required proprietary revenue needed to determine each account's share of the funding.

The legislature approved recharge rates of 38 percent in each year of the biennium, an approximate 2.3 percent increase over the 2001 biennium. At the approved rates, the department projects a fiscal 2003 ending fund balance of \$325,312, a 62-day working capital reserve.

**Significant Present Law**

DP 28 - POL Rent - This adjustment consolidates rental charges from various boards/programs attached to the division into the division's proprietary account, and is accompanied by a corresponding adjustment in the legislative budget for the POL boards.

DP 38 - High Speed Printer - The division will add a second printer to their single Oracle database operation, at a fiscal 2000 cost of \$5,500.

DP 42 - POL Administrative Costs - This adjustment is for increases in indirect costs and covers equipment replacement allocation costs incurred by the Centralized Services Division. This adjustment also includes a reduction for one-time moving expenditures incurred in fiscal 2000.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	11.00	11.00	0.00	11.00	11.00	11.00
Personal Services	0	0	427,518	427,518	0	430,213	430,213	857,731
Operating Expenses	0	0	189,293	189,293	0	186,630	186,630	375,923
Equipment	0	0	63,000	63,000	0	63,000	63,000	126,000
<b>Total Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$679,811</b>	<b>\$679,811</b>	<b>\$0</b>	<b>\$679,843</b>	<b>\$679,843</b>	<b>\$1,359,654</b>
State/Other Special	0	0	679,811	679,811	0	679,843	679,843	1,359,654
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$679,811</b>	<b>\$679,811</b>	<b>\$0</b>	<b>\$679,843</b>	<b>\$679,843</b>	<b>\$1,359,654</b>

### Program Description

The Weights and Measures Bureau is responsible for licensing, inspecting, testing, and certifying all weighing or measuring devices used in making commercial transactions in the State of Montana. The bureau enforces laws and regulations pertaining to the quantity control of prepackaged goods and the quality control of petroleum products. The bureau is also responsible for maintaining the state standards of mass and volume applied when calibrating other mass or volume standards used in testing commercial devices.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Weights and Measures Bureau in its entirety from the Department of Commerce to the Department of Labor and Industry.

### Funding

The Weights and Measures Division is funded entirely by state special revenues derived primarily from annual license fees levied against all commercial weighing or measuring devices, including scales or gas pumps certified by the bureau on an annual basis. Additional funding (approximately 2.5 percent) comes from special inspection fees derived from charges for certification at the bureau's standards lab as well as for other special requests.

New Proposals										
Prgm	FTE	General	Fiscal 2002			FTE	General	Fiscal 2003		
			State Special	Federal Special	Total Funds			State Special	Federal Special	Total Funds
DP 445 - SB 445 - Department of Commerce Reorganization										
06	11.00	0	679,811	0	679,811	11.00	0	679,843	0	679,843
<b>Total</b>	<b>11.00</b>	<b>\$0</b>	<b>\$679,811</b>	<b>\$0</b>	<b>\$679,811</b>	<b>11.00</b>	<b>\$0</b>	<b>\$679,843</b>	<b>\$0</b>	<b>\$679,843</b>

### New Proposals

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Weights and Measures Bureau was transferred in its entirety from the Department of Commerce to the Department of Labor and Industry. The operating budget transferred to this department contained:

1. base year funding of \$1.4 million over the biennium; and
2. the following changes (DP 39, 696, 698, and 699) as approved by the legislature during hearings on the Department of Commerce budget.

DP 39 - W & M Administrative Costs - The legislature approved an increase in state special revenue authority of \$4,829 over the biennium for administrative cost increases, including overtime and the division's share of department indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed

by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets, for a state special revenue authority decrease of \$54 over the biennium.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex. This adjustment decreases state special revenue authority by \$1,112 over the biennium.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment decreased state special revenue authority by \$11,268 over the biennium.

### **Language**

Items [Professional and Occupational Licensing, Legal Contingency, Weights and Measures Bureau, Legislative Audit, Building Codes Bureau, Legislative Audit, and Building Codes Vehicle Replacement] are contingent upon passage and approval of Senate Bill 445. (Note - SB 445 was passed and approved.)



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	3.00	1.00	0.00	4.00	1.00	0.00	4.00	4.00
Personal Services	134,128	12,777	0	146,905	14,284	0	148,412	295,317
Operating Expenses	182,945	35,502	0	218,447	34,838	0	217,783	436,230
Grants	1,552,195	1,101,115	0	2,653,310	1,101,177	0	2,653,372	5,306,682
<b>Total Costs</b>	<b>\$1,869,268</b>	<b>\$1,149,394</b>	<b>\$0</b>	<b>\$3,018,662</b>	<b>\$1,150,299</b>	<b>\$0</b>	<b>\$3,019,567</b>	<b>\$6,038,229</b>
General Fund	24,895	0	0	24,895	0	0	24,895	49,790
State/Other Special	4,999	23,192	0	28,191	23,201	0	28,200	56,391
Federal Special	1,839,374	1,126,202	0	2,965,576	1,127,098	0	2,966,472	5,932,048
<b>Total Funds</b>	<b>\$1,869,268</b>	<b>\$1,149,394</b>	<b>\$0</b>	<b>\$3,018,662</b>	<b>\$1,150,299</b>	<b>\$0</b>	<b>\$3,019,567</b>	<b>\$6,038,229</b>

### Program Description

Montana Community Services (MCS) provides administration of federal Corporation for National Service programs (AmeriCorps, Learn and Serve America, and National Senior Service Corps), as well as community service and volunteer efforts statewide, including the Volunteer Montana program.

### Funding

Federal funds provide 98 percent of the funding for the Montana Community Services Program with the remainder coming from general fund and state special revenues. State special revenues came entirely from donations in fiscal 2000. General fund and state special revenues are used to provide a portion of the state match for the program administration grant.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(9,959)					(8,488)
Vacancy Savings				(3,406)					(3,451)
Inflation/Deflation				210					441
Fixed Costs				7,433					6,537
<b>Total Statewide Present Law Adjustments</b>				<b>(\$5,722)</b>					<b>(\$4,961)</b>
DP 1 - Administrative Funding	1.00	0	23,200	1,135,229	1.00	0	23,200	1,135,393	1,158,593
DP 696 - Data Network Fixed Cost Reduction	0.00	0	0	(68)	0.00	0	0	(68)	(68)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	0	(963)	0.00	0	0	(967)	(967)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	0	(2,282)	0.00	0	0	(2,298)	(2,298)
<b>Total Other Present Law Adjustments</b>	<b>1.00</b>	<b>\$0</b>	<b>\$23,200</b>	<b>\$1,131,916</b>	<b>1.00</b>	<b>\$0</b>	<b>\$23,200</b>	<b>\$1,132,060</b>	<b>\$1,155,260</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,149,394</b>					<b>\$1,150,299</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Administrative Funding - The legislature approved an increase in state and federal special revenue authority to meet increased administrative costs and program grants. This request also includes increases for the department's cost

allocation plan.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	60.00	60.00	0.00	61.50	61.50	61.50
Personal Services	0	0	2,267,355	2,267,355	0	2,330,539	2,330,539	4,597,894
Operating Expenses	0	0	883,015	883,015	0	865,342	865,342	1,748,357
Equipment	0	0	179,500	179,500	0	145,500	145,500	325,000
<b>Total Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,329,870</b>	<b>\$3,329,870</b>	<b>\$0</b>	<b>\$3,341,381</b>	<b>\$3,341,381</b>	<b>\$6,671,251</b>
State/Other Special	0	0	3,329,870	3,329,870	0	3,341,381	3,341,381	6,671,251
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,329,870</b>	<b>\$3,329,870</b>	<b>\$0</b>	<b>\$3,341,381</b>	<b>\$3,341,381</b>	<b>\$6,671,251</b>

### Program Description

The Building Codes Division establishes and enforces minimum building codes, including accessibility, plumbing, mechanical, electrical, energy, elevator, and boiler codes. When possible, the division approves and certifies local government code enforcement programs to utilize codes adopted by the division. The division also assists the Board of Plumbers and the State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance.

### Program Narrative

SB 445, discussed in the Reorganization section of the Agency Summary, transferred the Building Codes Division in its entirety from the Department of Commerce to the Department of Labor and Industry.

### Funding

The Building Codes Division is funded entirely from inspection fees deposited in the state special revenue fund.

New Proposals											
Prgm	FTE	General	Fiscal 2002			FTE	General	Fiscal 2003			
			State Special	Federal Special	Total Funds			State Special	Federal Special	Total Funds	
DP 242 - SB 242 - Add FTE/Funding											
08	1.50		0	100,925	0	100,925	3.00	0	151,950	0	151,950
DP 437 - HB 437 - Add FTE/Funding											
08	1.50		0	70,389	0	70,389	1.50	0	52,889	0	52,889
DP 445 - SB 445 - Department of Commerce Reorganization											
08	57.00		0	3,158,556	0	3,158,556	57.00	0	3,136,542	0	3,136,542
Total	60.00		\$0	\$3,329,870	\$0	\$3,329,870	61.50	\$0	\$3,341,381	\$0	\$3,341,381

### New Proposals

DP 242 - SB 242 - Add FTE/Funding - The legislature approved additional FTE and state special revenue authority to allow the department to accommodate increased workload under the provisions of SB 242.

DP 437 - HB 437 - Add FTE/Funding - The legislature added 1.50 FTE and additional state special revenue authority to allow the department to accommodate increased workload under the provisions of HB 437.

DP 445 - SB 445 - Department of Commerce Reorganization - Under the provisions of SB 445, the Building Codes Division was transferred in its entirety from the Department of Commerce to the Department of Labor and Industry. The operating budget transferred to this department contained:

1. base year funding of \$5.7 million over the biennium; and
2. the following changes (DP 5, 10, 31, 49, 696, and 699) as approved by the legislature during hearings on the Department of Commerce budget.



DP 5 - Vehicle Replacements - The legislature approved an increase in state special revenue authority of \$91,236 over the biennium for vehicle replacement within the Building Codes Division. This increase allows the department to replace six pickups and three sedans in fiscal 2002, and eight pickups and one sedan in fiscal 2003. The legislature designated this appropriation as one-time-only, and inserted language requiring the department to report to the 2003 legislature on options for a fleet management plan to effect consistent costs for vehicle replacement in subsequent biennia.

DP 10 - Inspector Travel - The legislature approved an increase in state special revenue authority of \$82,000 over the biennium for travel-related costs for Building Codes Division inspection staff. The increase funds inspector travel assuming full staffing levels.

DP 25 - Computer Replacements - The legislature approved an increase in state special revenue authority of \$25,548 in fiscal 2002, allowing the department to replace 15 personal computers.

DP 31 - Bldg Codes Education - The legislature approved an increase in state special revenue authority of \$38,000 over the biennium for costs related to providing building codes education and training as mandated in 50-60-116, MCA.

DP 49 - Building Codes Administrative Costs - The legislature approved an increase in state special revenue authority of \$208,186 over the biennium to fund increased rental charges resulting from the move to the Federal Building, and for the division's share of agency indirect costs.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets, and decreases state special revenue authority by \$428 over the biennium.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment decreased state special revenue authority by \$57,985 over the biennium.

### **Language**

Items [Professional and Occupational Licensing, Legal Contingency, Weights and Measures Bureau, Legislative Audit, Building Codes Bureau, Legislative Audit, and Building Codes Vehicle Replacement] are contingent upon passage and approval of Senate Bill 445. (Note - SB 445 was passed and approved.)

The department shall report to the 2003 legislature on options for a fleet management plan to stabilize vehicle replacement costs within the Building Codes Division

Item [Building Codes Bureau] contains state special revenue authority of \$70,389 in fiscal 2002 and \$52,889 in fiscal 2003, including funding for 1.5 full-time equivalent employees each year, that is contingent upon passage and approval of House Bill 437. (Note - HB 437 was passed and approved.)

Item [Building Codes Bureau] contains state special revenue authority of \$100,925 in fiscal 2002 and \$151,950 in fiscal 2003, including funding for 1.5 full-time equivalent employees in fiscal 2002 and 3 full-time equivalent employees in fiscal 2003, that is contingent upon passage and approval of Senate Bill 242. (Note - SB 242 was passed and approved.)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	6.00	0.00	0.00	6.00	0.00	0.00	6.00	6.00
Personal Services	297,569	(851)	0	296,718	359	0	297,928	594,646
Operating Expenses	98,804	28,479	0	127,283	32,206	0	131,010	258,293
<b>Total Costs</b>	<b>\$396,373</b>	<b>\$27,628</b>	<b>\$0</b>	<b>\$424,001</b>	<b>\$32,565</b>	<b>\$0</b>	<b>\$428,938</b>	<b>\$852,939</b>
State/Other Special	396,373	27,628	0	424,001	32,565	0	428,938	852,939
<b>Total Funds</b>	<b>\$396,373</b>	<b>\$27,628</b>	<b>\$0</b>	<b>\$424,001</b>	<b>\$32,565</b>	<b>\$0</b>	<b>\$428,938</b>	<b>\$852,939</b>

### Program Description

The Workers' Compensation Court provides a forum for Montana employees and the insurance industry to resolve disputes arising from work-related injuries and occupational disease. The court is attached to the department for administrative purposes.

### Funding

This program is funded entirely with state special revenues (Workers' Compensation Regulation) from assessments on employers, insurers and the state fund.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				11,512					12,774
Vacancy Savings				(8,635)					(8,675)
Inflation/Deflation				352					584
Fixed Costs				630					(554)
<b>Total Statewide Present Law Adjustments</b>				<b>\$3,859</b>					<b>\$4,129</b>
DP 1 - Increased Operating Expenses	0.00	0	27,579	27,579	0.00	0	32,257	0	32,257
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(82)	(82)	0.00	0	(81)	0	(81)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(3,728)	(3,728)	0.00	0	(3,740)	0	(3,740)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$23,769</b>	<b>\$23,769</b>	<b>0.00</b>	<b>\$0</b>	<b>\$28,436</b>	<b>\$0</b>	<b>\$28,436</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$27,628</b>					<b>\$32,565</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 1 - Increased Operating Expenses** - The legislature approved an increase in state special revenue authority for increased operating expenses across the biennium, including:

1. increases in the cost of rent (approximately \$7,000 each year);
2. funding for the Workers' Compensation Judge to attend the National Judicial College (approximately \$2,600 in fiscal 2000);
3. increased travel costs and usage of court reporters for the projected maximum number of cases, as based on the caseload increases documented from fiscal 1997 to fiscal 2000 (approximately \$9,000 each year); and

4. increases in the department's cost allocation plan (\$9,364 in fiscal 2002, and \$16,074 in fiscal 2003).

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.



Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	105.20	7.80	45.00	158.00	7.80	45.00	158.00	158.00
Personal Services	4,069,148	420,743	1,444,288	5,934,179	446,717	1,444,160	5,960,025	11,894,204
Operating Expenses	4,369,972	539,109	1,851,781	6,760,862	625,776	1,695,431	6,691,179	13,452,041
Equipment	41,767	(21,300)	0	20,467	13,530	0	55,297	75,764
Grants	374,771	265,229	491,290	1,131,290	265,229	49,018	689,018	1,820,308
Benefits & Claims	11,215	(8,935)	0	2,280	(8,935)	0	2,280	4,560
Debt Service	7,093	(7,093)	0	0	(7,093)	0	0	0
<b>Total Costs</b>	<b>\$8,873,966</b>	<b>\$1,187,753</b>	<b>\$3,787,359</b>	<b>\$13,849,078</b>	<b>\$1,335,224</b>	<b>\$3,188,609</b>	<b>\$13,397,799</b>	<b>\$27,246,877</b>
General Fund	2,793,106	220,219	1,312,780	4,326,105	288,392	1,058,111	4,139,609	8,465,714
State/Other Special	82,946	113,991	110,573	307,510	113,989	209,076	406,011	713,521
Federal Special	5,997,914	853,543	2,364,006	9,215,463	932,843	1,921,422	8,852,179	18,067,642
<b>Total Funds</b>	<b>\$8,873,966</b>	<b>\$1,187,753</b>	<b>\$3,787,359</b>	<b>\$13,849,078</b>	<b>\$1,335,224</b>	<b>\$3,188,609</b>	<b>\$13,397,799</b>	<b>\$27,246,877</b>

### Agency Description

The Department of Military Affairs, administered by the Adjutant General, oversees activities of the Air and Army National Guard, and Disaster and Emergency Services. The Montana Board of Veterans' Affairs is administratively attached to the department. The department manages a joint federal-state program to maintain trained and equipped military organizations in readiness in the event of a state or national emergency. The department plans for and coordinates state responses in disaster and emergency situations. The Board of Veterans' Affairs manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families, and is responsible for the state's two veterans' cemeteries.

### Summary of Legislative Action

The legislature increased Department of Military Affairs funding from the fiscal 2000 base by 52.8 FTE and \$9.5 million, including increases of \$2.9 million general fund, \$547,629 state special revenue, and \$6.1 million federal authority. Of this increase, 45.0 FTE and \$7.0 million were added for new proposals including:

1. continuation of funding for the Youth Challenge Program at a 60 percent federal, 40 percent state funding split. This continuation added 43.0 FTE, \$2.2 million general fund, and \$3.4 million federal funds over the biennium;
2. continuation of funding for the National Guard Incentive Scholarship program at the 2001 biennium level (\$250,000 general fund over the biennium);
3. addition of \$73,701 federal funds over the biennium to add a 1.0 FTE compliance specialist to the department;
4. implementation of shared usage of the National Guard's distance learning program (\$295,200 state special revenue over the biennium); and
5. addition of \$820,110 federal funds to implement a terrorism/weapons of mass destruction program within the Disaster and Emergency Services Division.

The remainder of the increase was in the form of present law adjustments, which included:

1. \$46,871 general fund over the biennium to add a .60 FTE administrative officer position to the department;
2. \$145,106 general fund, \$42,000 state special revenue, and \$939,481 federal funds over the biennium for costs associated with new buildings and to add 7.0 FTE to the Army Guard facilities operations;
3. \$103,520 general fund over the biennium for external paint projects at Guard buildings; and
4. \$102,585 general fund over the biennium to annualize base-year funding within the Disaster and Emergency Services Division.

### Other Legislation

**Senate Bill 289** - SB 289 provides that all new National Guard firefighters must be covered by the Firefighters' Unified Retirement System. Based on projected hirings, federal special revenue expenditures are expected to increase by \$5,686 over the biennium. The legislature increased federal special revenue authority by this amount.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	105.20	158.00	158.00	0.00	158.00	158.00	0.00	
Personal Services	4,069,148	5,936,632	5,934,179	(2,453)	5,968,130	5,960,025	(8,105)	(10,558)
Operating Expenses	4,369,972	6,729,326	6,760,862	31,536	6,511,243	6,691,179	179,936	211,472
Equipment	41,767	56,767	20,467	(36,300)	91,597	55,297	(36,300)	(72,600)
Grants	374,771	1,131,290	1,131,290	0	689,018	689,018	0	0
Benefits & Claims	11,215	2,280	2,280	0	2,280	2,280	0	0
Debt Service	7,093	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$8,873,966</b>	<b>\$13,856,295</b>	<b>\$13,849,078</b>	<b>(\$7,217)</b>	<b>\$13,262,268</b>	<b>\$13,397,799</b>	<b>\$135,531</b>	<b>\$128,314</b>
General Fund	2,793,106	4,407,920	4,326,105	(81,815)	4,171,493	4,139,609	(31,884)	(113,699)
State/Other Special	82,946	199,437	307,510	108,073	199,435	406,011	206,576	314,649
Federal Special	5,997,914	9,248,938	9,215,463	(33,475)	8,891,340	8,852,179	(39,161)	(72,636)
<b>Total Funds</b>	<b>\$8,873,966</b>	<b>\$13,856,295</b>	<b>\$13,849,078</b>	<b>(\$7,217)</b>	<b>\$13,262,268</b>	<b>\$13,397,799</b>	<b>\$135,531</b>	<b>\$128,314</b>

### Executive Budget Comparison

The legislative budget is \$128,314 higher than the Executive Budget, with a general fund reduction of \$113,699 over the biennium. The legislature made several adjustments to the Executive Budget, including:

1. reduction of Incentive Scholarship program funding by \$50,000;
2. decrease in federal special revenue authority by approximately \$73,000 over the biennium to account for one-time-only expenditures included in base funding;
3. increase in state special revenue authority by approximately \$290,000 over the biennium to accommodate shared usage of the department's Distance Learning program;
4. reduction in general fund by an amount equal to the general fund share of 1 percent of authorized FTE (\$40,693 over the biennium). No FTE were reduced; and
5. reduction in general fund by an amount equal to 13 percent of fiscal 2000 general fund travel expenditures (\$28,036 over the biennium).

### Language

Item [Army National Guard Program] includes a reduction in general fund of \$14,018 in fiscal 2002 and \$14,018 in fiscal 2003. This reduction is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Army National Guard Program] includes a general fund reduction of \$20,312 in fiscal 2002 and \$20,381 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	6.60	0.60	1.00	8.20	0.60	1.00	8.20	8.20
Personal Services	304,136	50,397	36,548	391,081	52,427	37,153	393,716	784,797
Operating Expenses	53,838	2,502	0	56,340	3,574	0	57,412	113,752
Benefits & Claims	2,280	0	0	2,280	0	0	2,280	4,560
<b>Total Costs</b>	<b>\$360,254</b>	<b>\$52,899</b>	<b>\$36,548</b>	<b>\$449,701</b>	<b>\$56,001</b>	<b>\$37,153</b>	<b>\$453,408</b>	<b>\$903,109</b>
General Fund	324,696	53,477	(10,717)	367,456	56,325	(15,214)	365,807	733,263
Federal Special	35,558	(578)	47,265	82,245	(324)	52,367	87,601	169,846
<b>Total Funds</b>	<b>\$360,254</b>	<b>\$52,899</b>	<b>\$36,548</b>	<b>\$449,701</b>	<b>\$56,001</b>	<b>\$37,153</b>	<b>\$453,408</b>	<b>\$903,109</b>

### Program Description

The Operations Support Division provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

### Funding

The division is primarily funded with general fund. The federal/state agreements between the Department of Military Affairs and the associated federal agencies have identified certain personal services costs of positions that provide support to federally funded activities as applicable for federal funding. For the 2003 biennium, federal funds account for approximately 19 percent of the funding for the Operations Support Program.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				41,801					43,562
Vacancy Savings				(9,741)					(9,794)
Inflation/Deflation				(460)					(182)
Fixed Costs				3,470					4,264
<b>Total Statewide Present Law Adjustments</b>				<b>\$35,070</b>					<b>\$37,850</b>
DP 101 - Operations Support Administrative Officer									
0.60	23,261	0	0	23,261	0.60	23,610	0	0	23,610
DP 104 - Computer Cost Reduction									
0.00	(426)	0	0	(426)	0.00	(426)	0	0	(426)
DP 696 - Data Network Fixed Cost Reduction									
0.00	(82)	0	0	(82)	0.00	(82)	0	0	(82)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(4,136)	0	(788)	(4,924)	0.00	(4,159)	0	(792)	(4,951)
<b>Total Other Present Law Adjustments</b>									
0.60	<b>\$18,617</b>	<b>\$0</b>	<b>(\$788)</b>	<b>\$17,829</b>	0.60	<b>\$18,943</b>	<b>\$0</b>	<b>(\$792)</b>	<b>\$18,151</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$52,899</b>					<b>\$56,001</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 101 - Operations Support Administrative Officer - The legislature approved a general fund increase for personal services and related operating expenses to convert an existing administrative officer position from a temporary 0.4 FTE to a permanent 1.0 FTE.



DP 104 - Computer Cost Reduction - The legislature approved an adjustment to bring personal computer funding into accordance with the division's four-year replacement plan. This adjustment funds the division at a level to replace two computers each year of the biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 103 - Operations Support Compliance Specialist										
01	1.00	0	0	36,548	36,548	1.00	0	0	37,153	37,153
DP 105 - Increase Federal Funding Share										
01	0.00	(10,717)	0	10,717	0	0.00	(15,214)	0	15,214	0
<b>Total</b>	<b>1.00</b>	<b>(\$10,717)</b>	<b>\$0</b>	<b>\$47,265</b>	<b>\$36,548</b>	<b>1.00</b>	<b>(\$15,214)</b>	<b>\$0</b>	<b>\$52,367</b>	<b>\$37,153</b>

### New Proposals

DP 103 - Operations Support Compliance Specialist - The legislature approved an increase in federal special revenue authority to add a 1.0 FTE Operations Support Compliance Specialist position. The legislature designated this increase as one-time-only.

DP 105 - Increase Federal Funding Share - The legislature approved a funding switch to decrease the amount of general fund support to the division.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	43.00	43.00	0.00	43.00	43.00	43.00
Personal Services	0	(4,567)	1,382,601	1,378,034	(4,567)	1,387,351	1,382,784	2,760,818
Operating Expenses	0	(28)	1,417,399	1,417,371	(28)	1,412,649	1,412,621	2,829,992
<b>Total Costs</b>	<b>\$0</b>	<b>(\$4,595)</b>	<b>\$2,800,000</b>	<b>\$2,795,405</b>	<b>(\$4,595)</b>	<b>\$2,800,000</b>	<b>\$2,795,405</b>	<b>\$5,590,810</b>
General Fund	0	(1,838)	1,120,000	1,118,162	(1,838)	1,120,000	1,118,162	2,236,324
Federal Special	0	(2,757)	1,680,000	1,677,243	(2,757)	1,680,000	1,677,243	3,354,486
<b>Total Funds</b>	<b>\$0</b>	<b>(\$4,595)</b>	<b>\$2,800,000</b>	<b>\$2,795,405</b>	<b>(\$4,595)</b>	<b>\$2,800,000</b>	<b>\$2,795,405</b>	<b>\$5,590,810</b>

### Program Description

The Montana National Guard Youth Challenge is a program for youth ages 16 to 18 who have stopped attending secondary school before graduating. The program accepts youth to voluntarily participate in a five-month residential program, living and training in a military environment, and provides a one-year post-residential mentoring component. The program focuses on developing discipline and responsibility to improve life skills and employment potential.

### Funding

The program is funded with general fund and federal special revenue at a 60/40 federal to state funding ratio. The program was established in Montana at an original split of 70/30 federal/state match in fiscal 1999, with the state percentage to increase by 5 percent each year until fiscal year 2002, at which time the state match becomes 40 percent. The state match percentage is projected to remain the same for subsequent fiscal years. It should be noted the department stated the intent of Adjutant Generals throughout the nation to persuade the National Guard Bureau to move the funding back to the 75/25 federal to state match split originally provided to pilot programs across the country.

The 1999 legislature funded the Youth Challenge program on a one-time-only basis. Therefore, no expenditures are included in the base year for comparison. However, combining fiscal 2000 expenditures and fiscal 2001 appropriations gives a 2001 biennium program cost of \$5.4 million in comparison to the 2003 biennium appropriation of \$5.6 million.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				0					0
Vacancy Savings				0					0
Inflation/Deflation				0					0
Fixed Costs				0					0
<b>Total Statewide Present Law Adjustments</b>				<b>\$0</b>					<b>\$0</b>
DP 696 - Data Network Fixed Cost Reduction									
0.00	(11)	0	(17)	(28)	0.00	(11)	0	(17)	(28)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(1,827)	0	(2,740)	(4,567)	0.00	(1,827)	0	(2,740)	(4,567)
<b>Total Other Present Law Adjustments</b>									
0.00	(\$1,838)	\$0	(\$2,757)	(\$4,595)	0.00	(\$1,838)	\$0	(\$2,757)	(\$4,595)
<b>Grand Total All Present Law Adjustments</b>				<b>(\$4,595)</b>					<b>(\$4,595)</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 201 - Challenge Program										
02	43.00	1,120,000	0	1,680,000	2,800,000	43.00	1,120,000	0	1,680,000	2,800,000
<b>Total</b>	<b>43.00</b>	<b>\$1,120,000</b>	<b>\$0</b>	<b>\$1,680,000</b>	<b>\$2,800,000</b>	<b>43.00</b>	<b>\$1,120,000</b>	<b>\$0</b>	<b>\$1,680,000</b>	<b>\$2,800,000</b>

### New Proposals

DP 201 - Challenge Program - The legislature approved general fund and federal special revenue authority for continued operation of the Youth Challenge program. The legislature funded the program at the 60/40 federal to state split requested in the Executive Budget. The state match funding is 100 percent general fund. The legislature funded the program at the same overall level as the 1999 legislature, and designated the appropriation as one-time-only. Additionally, the legislature included language specifying that the general fund portion could only be used for Montana residents.

### Language

The general fund appropriation in item [Youth Challenge Program] may be used only for matching funds for Montana residents.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	250,000	250,000	0	0	0	250,000
<b>Total Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>
General Fund	0	0	250,000	250,000	0	0	0	250,000
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>

### Program Description

The Montana Guard Scholarship Program was established by the Fifty-sixth Legislature to assist in recruiting and retention efforts for the Montana Air and Army National Guard. The program provides scholarships of up to \$500 per semester to eligible Montana National Guard personnel enrolled as undergraduate students in colleges, universities, or training programs. Program goals are: 1) assist Montana in increasing its assigned personnel strength in both the Army and Air National Guard; and 2) enhance Army and Air National Guard operational readiness to assume both state and federal active duty missions.

### Funding

This program is funded entirely with general fund. The Incentive Scholarship program was funded on a one-time-only basis by the 1999 legislature. Therefore, no expenditures are included in the base year.

New Proposals										
Prgm	FTE	General	-----Fiscal 2002-----			-----Fiscal 2003-----				
			State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 301 - National Guard Incentive Scholarship										
03	0.00	250,000	0	0	250,000	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### New Proposals

DP 301 - National Guard Incentive Scholarship - The legislature approved a general fund appropriation to continue the National Guard Scholarship Program into the 2003 biennium. The legislature reduced the executive proposal by \$50,000, funding the program at the 2001 biennium level. The legislature designated the appropriation as one-time-only/biennial.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	26.30	7.00	0.00	33.30	7.00	0.00	33.30	33.30
Personal Services	1,011,635	261,225	(20,312)	1,252,548	268,329	(20,381)	1,259,583	2,512,131
Operating Expenses	3,222,333	390,454	84,382	3,697,169	498,982	182,782	3,904,097	7,601,266
Equipment	41,767	(21,300)	0	20,467	(3,800)	0	37,967	58,434
Debt Service	7,093	(7,093)	0	0	(7,093)	0	0	0
<b>Total Costs</b>	<b>\$4,282,828</b>	<b>\$623,286</b>	<b>\$64,070</b>	<b>\$4,970,184</b>	<b>\$756,418</b>	<b>\$162,401</b>	<b>\$5,201,647</b>	<b>\$10,171,831</b>
General Fund	1,150,302	72,137	(34,330)	1,188,109	124,578	(34,399)	1,240,481	2,428,590
State/Other Special	3,138	22,862	98,400	124,400	22,862	196,800	222,800	347,200
Federal Special	3,129,388	528,287	0	3,657,675	608,978	0	3,738,366	7,396,041
<b>Total Funds</b>	<b>\$4,282,828</b>	<b>\$623,286</b>	<b>\$64,070</b>	<b>\$4,970,184</b>	<b>\$756,418</b>	<b>\$162,401</b>	<b>\$5,201,647</b>	<b>\$10,171,831</b>

### Program Description

The Army National Guard provides a trained and equipped military organization for use in the event of a state or national emergency. This program supports the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming, and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) providing state-wide communication services, security contracts, and leases for buildings and land used by the Army National Guard.

### Funding

The Army National Guard program is primarily funded with a combination of general fund and federal funds. Funding for facilities operation and maintenance depends on how the facility is used. Facility operation and maintenance costs can be funded:

1. entirely with state funds;
2. entirely with federal funds; or
3. as a shared responsibility, with federal funds at 75 percent and general fund at 25 percent.

When a facility is owned by the state and located on state land, the funding is 100 percent general fund. When a facility is state owned but located on federal land, the maintenance costs are funded 75 percent federal and 25 percent general fund, but utility costs are funded 100 percent by general fund. When a facility is classified as a logistics facility, the funding is 75 percent federal and 25 percent general fund for all costs. Federally owned facilities located on federal land and those that serve a training mission are funded 100 percent with federal funds, except when the building is used as an armory. Armories constructed with federal funds and located on federal land are funded 75 percent federal and 25 percent general fund for maintenance costs and 100 percent general fund for utilities. When armories are rented to groups, the state special revenue funds generated from rental fees are used to augment general fund support of the facilities.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				78,498					85,092
Vacancy Savings				(29,944)					(30,140)
Inflation/Deflation				74,650					62,517
Fixed Costs				35,731					16,871
<b>Total Statewide Present Law Adjustments</b>				<b>\$158,935</b>					<b>\$134,340</b>
DP 27 - Army Rent and Debt Service Adjustment									
0.00	(7,093)	0	3,458	(3,635)	0.00	(7,093)	0	4,436	(2,657)
DP 696 - Data Network Fixed Cost Reduction									
0.00	(28)	0	(28)	(56)	0.00	(28)	0	(28)	(56)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(2,723)	0	(12,212)	(14,935)	0.00	(2,737)	0	(12,266)	(15,003)
DP 1201 - Army Facilities Operation									
7.00	42,327	21,000	424,084	487,411	7.00	102,779	21,000	515,397	639,176
DP 1202 - Scheduled Paint Projects at Armories									
0.00	51,760	0	0	51,760	0.00	51,760	0	0	51,760
DP 1203 - Army Computer Plan Reduction									
0.00	(4,671)	0	(31,673)	(36,344)	0.00	(4,671)	0	(26,621)	(31,292)
DP 1224 - Out-of-State Travel Reduction									
0.00	(2,323)	0	(17,527)	(19,850)	0.00	(2,323)	0	(17,527)	(19,850)
<b>Total Other Present Law Adjustments</b>									
7.00	\$77,249	\$21,000	\$366,102	\$464,351	7.00	\$137,687	\$21,000	\$463,391	\$622,078
<b>Grand Total All Present Law Adjustments</b>				<b>\$623,286</b>					<b>\$756,418</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 27 - Army Rent and Debt Service Adjustment - The legislature approved an increase in federal special revenue authority for contractual rent increases for the Great Falls and Helena National Guard recruiting store front offices. This adjustment also eliminates expenditures for debt service from base-year funding. The debt was retired during fiscal 2000, deleting the requirement in the fiscal 2003 biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1201 - Army Facilities Operation - The legislature approved an increase in general fund and state and federal special revenue authority for:

1. the addition of 7.0 FTE (five Maintenance Division and two Contract and Construction Division employees) in support of maintenance and operation of facilities to include training buildings, training areas, firing ranges, storage buildings, and armories; and
2. an increase in operating expenses for Army National Guard facilities operations, including utility increases, repair and maintenance, janitorial services, and maintenance equipment costs.

DP 1202 - Scheduled Paint Projects at Armories - The legislature approved an increase in general fund for contract services to paint two armory exteriors in each year of the biennium.



DP 1203 - Army Computer Plan Reduction - The legislature approved an adjustment to bring personal computer funding into accordance with the division's four-year replacement plan.

DP 1224 - Out-of-State Travel Reduction - The legislature approved an adjustment to reduce out-of-state travel funding to an amount equal to a five-year average. Out-of-state travel in the base year reflected an increase over what was appropriated by the Fifty-sixth Legislature.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 28 - Distance Learning										
12	0.00	0	98,400	0	98,400	0.00	0	196,800	0	196,800
DP 691 - Personal Services General Fund Reduction										
12	0.00	(20,312)	0	0	(20,312)	0.00	(20,381)	0	0	(20,381)
DP 693 - Statewide Travel Reduction										
12	0.00	(14,018)	0	0	(14,018)	0.00	(14,018)	0	0	(14,018)
<b>Total</b>	<b>0.00</b>	<b>(\$34,330)</b>	<b>\$98,400</b>	<b>\$0</b>	<b>\$64,070</b>	<b>0.00</b>	<b>(\$34,399)</b>	<b>\$196,800</b>	<b>\$0</b>	<b>\$162,401</b>

### New Proposals

DP 28 - Distance Learning - The legislature approved an increase in state special revenue authority to allow the department to implement shared usage of its Distance Learning capabilities.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans. No FTE were reduced.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 13 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

### Language

Item [Army National Guard Program] includes a reduction in general fund of \$14,018 in fiscal 2002 and \$14,018 in fiscal 2003. This reduction is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Army National Guard Program] includes a general fund reduction of \$20,312 in fiscal 2002 and \$20,381 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

## Program Legislative Budget

Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	33.00	0.00	0.00	33.00	0.00	0.00	33.00	33.00
Personal Services	1,299,731	85,592	5,686	1,391,009	94,057	0	1,393,788	2,784,797
Operating Expenses	687,734	153,417	0	841,151	143,868	0	831,602	1,672,753
<b>Total Costs</b>	<b>\$1,987,465</b>	<b>\$239,009</b>	<b>\$5,686</b>	<b>\$2,232,160</b>	<b>\$237,925</b>	<b>\$0</b>	<b>\$2,225,390</b>	<b>\$4,457,550</b>
General Fund	196,218	5,047	0	201,265	12,332	0	208,550	409,815
Federal Special	1,791,247	233,962	5,686	2,030,895	225,593	0	2,016,840	4,047,735
<b>Total Funds</b>	<b>\$1,987,465</b>	<b>\$239,009</b>	<b>\$5,686</b>	<b>\$2,232,160</b>	<b>\$237,925</b>	<b>\$0</b>	<b>\$2,225,390</b>	<b>\$4,457,550</b>

## Program Description

The Air National Guard program maintains a trained and equipped military organization for use in the event of state or national emergency. The program staff provides administrative, facilities maintenance, and fire protection support to the Air National Guard Base at Gore Hill near Great Falls. The Air National Guard program operates under both federal and state mandates in accordance with its dual missions to maintain a trained and ready military force and a state civil disaster response capability.

## Funding

The Air Guard program is primarily funded with a 75 percent federal participation and a 25 percent general fund state match. Personal services costs for firefighters and security services are 100 percent federally funded.

## Present Law Adjustments

-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				81,318					90,133
Vacancy Savings				(37,926)					(38,189)
Inflation/Deflation				38,228					32,674
Fixed Costs				7,762					3,767
<b>Total Statewide Present Law Adjustments</b>				<b>\$89,382</b>					<b>\$88,385</b>
DP 699 - Vacancy Savings at 4 Percent									
0.00	(1,136)	0	(16,180)	(17,316)	0.00	(1,141)	0	(16,262)	(17,403)
DP 1301 - Fire Fighter Overtime and Holiday Pay									
0.00	0	0	59,516	59,516	0.00	0	0	59,516	59,516
DP 1302 - Security Contract Increase									
0.00	0	0	107,427	107,427	0.00	0	0	107,427	107,427
<b>Total Other Present Law Adjustments</b>									
0.00	(\$1,136)	\$0	\$150,763	\$149,627	0.00	(\$1,141)	\$0	\$150,681	\$149,540
<b>Grand Total All Present Law Adjustments</b>				<b>\$239,009</b>					<b>\$237,925</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1301 - Fire Fighter Overtime and Holiday Pay - The legislature approved an increase in federal special revenue for overtime and holiday pay for state fire-fighters in the Air National Guard. The contractual agreement requires these

items to be paid when earned.

DP 1302 - Security Contract Increase - The legislature approved an increase in federal special revenue for contracted security services for the Air National Guard facility in Great Falls. This increase brings the total contract to \$245,000.

New Proposals		Fiscal 2002					Fiscal 2003				
Prgm	FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
DP 289 - SB 289 - Firefighters' Retirement											
13	0.00	0	0	5,686	5,686		0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,686</b>	<b>\$5,686</b>		<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### New Proposals

DP 289 - SB 289 - Firefighters' Retirement - Under the provisions of SB 289, new firefighters hired by the Air National Guard must participate in the Firefighters Retirement System. To accommodate projected hirings, the legislature added federal special authority and designated the appropriation as restricted and biennial.

### Language

Item [Firefighters Retirement] is contingent upon passage and approval of Senate Bill 289. (Note - SB 289 was passed and approved.)



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	20.00	0.00	1.00	21.00	0.00	1.00	21.00	21.00
Personal Services	829,179	10,423	39,765	879,367	14,569	40,037	883,785	1,763,152
Operating Expenses	302,349	(117,615)	100,000	284,734	(117,615)	100,000	284,734	569,468
Equipment	0	0	0	0	17,330	0	17,330	17,330
Grants	374,771	265,229	491,290	1,131,290	265,229	49,018	689,018	1,820,308
Benefits & Claims	8,935	(8,935)	0	0	(8,935)	0	0	0
<b>Total Costs</b>	<b>\$1,515,234</b>	<b>\$149,102</b>	<b>\$631,055</b>	<b>\$2,295,391</b>	<b>\$170,578</b>	<b>\$189,055</b>	<b>\$1,874,867</b>	<b>\$4,170,258</b>
General Fund	454,972	51,417	0	506,389	66,169	0	521,141	1,027,530
State/Other Special	18,541	3,056	0	21,597	3,056	0	21,597	43,194
Federal Special	1,041,721	94,629	631,055	1,767,405	101,353	189,055	1,332,129	3,099,534
<b>Total Funds</b>	<b>\$1,515,234</b>	<b>\$149,102</b>	<b>\$631,055</b>	<b>\$2,295,391</b>	<b>\$170,578</b>	<b>\$189,055</b>	<b>\$1,874,867</b>	<b>\$4,170,258</b>

### Program Description

The Disaster and Emergency Services Division:

1. works with local, state, and federal officials to prepare, update, and coordinate emergency preparedness, mitigation, response, and recovery plans;
2. provides technical assistance and coordination of the state's response to assist political subdivisions in times of emergencies; and
3. receives, records, and disburses federal funds to eligible political subdivisions. Political subdivisions must provide matching funds for all federal reimbursement programs except disaster recovery.

The division is responsible for disaster-planning activities, responding quickly and effectively to disasters and emergencies, serving as a source of information and as a 24-hour contact point, and coordinating state assistance to local governments.

### Funding

The Disaster Coordination Response Program is supported with general fund, state special revenue, and federal funds. The disaster coordination functions that provide support to communities and contribute to the overall mission of the division are usually funded on a 50/50 basis with general fund and federal funds. Disaster coordination functions focusing on specifically identified hazards or functions are usually funded 100 percent with federal funds. State special revenues are fees received from persons who attend division-sponsored workshops and conferences, and are used to support these functions

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				45,516					49,835
Vacancy Savings				(24,117)					(24,246)
Inflation/Deflation				(685)					(483)
Fixed Costs				1,641					(722)
<b>Total Statewide Present Law Adjustments</b>				<b>\$22,355</b>					<b>\$24,384</b>
DP 696 - Data Network Fixed Cost Reduction	0.00	(76)	0	(76)	0.00	(76)	0	(76)	(152)
DP 699 - Vacancy Savings at 4 Percent	0.00	(5,488)	0	(5,488)	0.00	(5,510)	0	(5,510)	(11,020)
DP 2101 - Federal Spending Adjustment	0.00	0	0	0	0.00	0	0	0	0
DP 2102 - Annualize Funding	0.00	51,082	0	(51,082)	0.00	51,503	0	(51,503)	0
DP 2103 - DES Eliminate Benefits And Claims Funding	0.00	(602)	0	(8,333)	0.00	(602)	0	(8,333)	(8,935)
DP 2104 - Out-of-State Travel Reduction	0.00	(7,240)	3,056	(7,241)	0.00	(7,240)	3,056	(7,241)	(11,425)
DP 2106 - DES Increase Federal Pass-Through to Counties	0.00	0	0	158,235	0.00	0	0	160,396	160,396
DP 2107 - Server Replacement	0.00	0	0	0	0.00	12,679	0	4,651	17,330
DP 2108 - DES Change From Motor Pool Lease Program	0.00	0	0	0	0.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>				<b>\$126,747</b>					<b>\$146,194</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$149,102</b>					<b>\$170,578</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 2101 - Federal Spending Adjustment - The legislature approved an adjustment to replace grant funding spent on operating expenses during the base year. This adjustment moves the authority back to grants to allow pass-through grants to counties. This adjustment also aligns the division budget with current operations.

DP 2102 - Annualize Funding - The legislature approved an adjustment to increase general fund and decrease federal special revenue authority to annualize funding within the division. On October 1, 1999 the Federal Emergency Management Agency required a 50/50 cost share for all programs funded under the Emergency Management Assistance Program. The 1999 legislature approved an increase in general fund to accommodate this change. Base year expenditures include funding for the 50 percent state match for three quarters of the fiscal year only. This adjusts base year expenses for a full year of funding at the current 50/50 federal/general fund split.

DP 2103 - DES Eliminate Benefits And Claims Funding - The legislature approved an adjustment to eliminate one-time-only expenditures for back pay to an employee.

DP 2104 - Out-of-State Travel Reduction - The legislature approved an adjustment to decrease the division's out-of-state travel funding and bring expenditures back to a five-year average.

DP 2106 - DES Increase Federal Pass-Through to Counties - The legislature approved an increase in federal special revenue authority in the Emergency Management Performance Grant, to accommodate increased federal funding. This funding will be passed through to county governments to help fund the emergency management programs in each county.

DP 2107 - Server Replacement - The legislature approved an increase in general fund and federal special revenue authority allowing replacement of the division's existing server in fiscal 2003. The legislature designated this increase as one-time-only.

DP 2108 - DES Change From Motor Pool Lease Program - The legislature approved an adjustment allowing the division to lease six full-size pickup trucks from the federal General Services Administration at a cost comparable to that of leasing six mid-size cars from the State Motor Pool.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2105 - DES Terrorism/Weapons of Mass Destruction										
21	1.00	0	0	631,055	631,055	1.00	0	0	189,055	189,055
Total	1.00	\$0	\$0	\$631,055	\$631,055	1.00	\$0	\$0	\$189,055	\$189,055

**New Proposals**

DP 2105 - DES Terrorism/Weapons of Mass Destruction - The legislature approved an increase in federal special revenue authority to support implementation of a Terrorism/Weapons of Mass Destruction Program. This increase adds 1.0 FTE as well as pass-through grants for local government programs. Duties assigned to the new position will include coordination and preparation of a risk assessment and five-year strategic plan for terrorism, accomplished in cooperation with the Montana National Guard and the departments of Justice, Public Health and Human Services, Livestock, and Environmental Quality. The program goal is to better prepare Montana such that the state becomes less vulnerable to terrorism, weapons of mass destruction, and school violence. The legislature inserted language specifying that the program and the related FTE be terminated if federal funding for the program terminates.

**Language**

The Terrorism/Weapons of Mass Destruction program and the associated 1.0 FTE are terminated when federal funding for the program is terminated.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	19.30	0.20	0.00	19.50	0.20	0.00	19.50	19.50
Personal Services	624,467	17,673	0	642,140	21,902	0	646,369	1,288,509
Operating Expenses	103,718	110,379	0	214,097	96,995	0	200,713	414,810
Equipment	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$728,185</b>	<b>\$128,052</b>	<b>\$0</b>	<b>\$856,237</b>	<b>\$118,897</b>	<b>\$0</b>	<b>\$847,082</b>	<b>\$1,703,319</b>
General Fund	666,918	39,979	(12,173)	694,724	30,826	(12,276)	685,468	1,380,192
State/Other Special	61,267	88,073	12,173	161,513	88,071	12,276	161,614	323,127
Federal Special	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$728,185</b>	<b>\$128,052</b>	<b>\$0</b>	<b>\$856,237</b>	<b>\$118,897</b>	<b>\$0</b>	<b>\$847,082</b>	<b>\$1,703,319</b>

### Program Description

The Veterans' Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information relative to veterans' benefits. The program also administers the veterans' cemeteries located at Fort Harrison in Helena, and in Miles City. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate. The division operates in accordance with Title 2, Chapter 15, Part 12; and Title 10, Chapter 2, MCA.

### Funding

The Veterans' Affairs Division is funded with general fund for all functions except cemetery operations. Veterans' cemetery operations are fully funded by state special revenue funds from donations, veterans' license plate fees, and cemetery plot allowances. In fiscal 2000, veterans' license plate fee revenues generated the largest portion of the state special revenue funding.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				39,203					43,589
Vacancy Savings				(17,786)					(17,917)
Inflation/Deflation				853					1,372
Fixed Costs				6,315					7,491
<b>Total Statewide Present Law Adjustments</b>				<b>\$28,585</b>					<b>\$34,535</b>
DP 696 - Data Network Fixed Cost Reduction	0.00	(28)	0	(28)	0.00	(28)	0	0	(28)
DP 699 - Vacancy Savings at 4 Percent	0.00	(8,100)	(660)	(8,760)	0.00	(8,143)	(662)	0	(8,805)
DP 3101 - VA Increase Part Time FTE to Full Time	0.20	5,016	0	5,016	0.20	5,035	0	0	5,035
DP 3102 - MT State Veterans' Cemetery	0.00	0	13,438	13,438	0.00	0	13,160	0	13,160
DP 3103 - Eastern MT Veterans' Cemetery	0.00	0	75,000	75,000	0.00	0	75,000	0	75,000
DP 3104 - Veterans' Affairs Replacement Computers	0.00	14,801	0	14,801	0.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.20</b>	<b>\$11,689</b>	<b>\$87,778</b>	<b>\$0</b>	<b>0.20</b>	<b>(\$3,136)</b>	<b>\$87,498</b>	<b>\$0</b>	<b>\$84,362</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$128,052</b>					<b>\$118,897</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 3101 - VA Increase Part Time FTE to Full Time - The legislature approved an increase in general fund to increase an existing .80 FTE to a 1.00 FTE at the Missoula Veterans' Affairs Office.

DP 3102 - MT State Veterans' Cemetery - The legislature approved an increase in state special revenue authority of up to \$75,000 to operate, maintain, and administer the Montana State Veterans' Cemetery at Fort Harrison.

DP 3103 - Eastern MT Veterans' Cemetery - The legislature approved an increase in state special revenue authority of up to \$75,000 to operate, maintain, and administer the Eastern Montana Veterans' Cemetery located at Miles City.

DP 3104 - Veterans' Affairs Replacement Computers - The legislature approved an increase in general fund to purchase replacement office equipment and computers. The increase will replace office copiers in the two Montana Veterans' Affairs Division offices located in Great Falls and Bozeman, as well as four computers each year of the biennium, in accordance with the division's four-year replacement plan. The legislature designated \$4,000 for copier replacement in fiscal 2002 as one-time-only.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 3105 - Increase State Special Revenue										
31	0.00	(12,173)	12,173	0	0	0.00	(12,276)	12,276	0	0
Total	0.00	(\$12,173)	\$12,173	\$0	\$0	0.00	(\$12,276)	\$12,276	\$0	\$0

New Proposals

DP 3105 - Increase State Special Revenue - The legislature approved a funding switch to reduce general fund support to the Veterans' Affairs division. Increased state special revenue funding will be from veterans' license plate fees, which are used to fund the costs of operating the cemeteries. This funding switch reduces general fund by \$12,173 in fiscal 2002 and \$12,276 in fiscal 2003 and increases state special revenue by a like amount.





# EDUCATION

## Section E

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### JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS AND SENATE FINANCE COMMITTEES

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#### -----Agencies-----

Office of Public Instruction  
Board of Public Education  
School for the Deaf and Blind  
Montana Arts Council  
State Library Commission  
Montana Historical Society

Montana University System (MUS)  
Commissioner of Higher Education/  
Community Colleges  
University Units and College of Technology  
Agricultural Experiment Station  
Extension Service  
Forestry & Conservation Experiment Station  
Bureau of Mines & Geology  
Fire Services Training School

#### -----Committee Members-----

##### House

Representative John Witt (Chair)  
Representative Art Peterson  
Representative Rosie Buzzas

##### Senate

Senator Ken Miller (Vice-Chair)  
Senator Royal Johnson  
Senator Greg Jergeson

#### -----Fiscal Division Staff-----

Pam Joehler  
Dave Brown  
Jim Standaert



Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	114.01	0.00	2.50	116.51	0.00	2.50	116.51	116.51
Personal Services	4,852,546	227,551	117,405	5,197,502	258,021	117,825	5,228,392	10,425,894
Operating Expenses	4,807,538	1,278,553	888,117	6,974,208	1,279,778	874,895	6,962,211	13,936,419
Equipment	47,351	0	0	47,351	0	0	47,351	94,702
Local Assistance	477,179,483	7,434,287	8,448,978	493,062,748	1,992,528	23,559,133	502,731,144	995,793,892
Grants	74,197,792	9,194,721	14,217,654	97,610,167	10,776,472	16,148,097	101,122,361	198,732,528
Transfers	0	0	0	0	0	5,000,000	5,000,000	5,000,000
<b>Total Costs</b>	<b>\$561,084,710</b>	<b>\$18,135,112</b>	<b>\$23,672,154</b>	<b>\$602,891,976</b>	<b>\$14,306,799</b>	<b>\$45,699,950</b>	<b>\$621,091,459</b>	<b>\$1,223,983,435</b>
General Fund	480,885,526	7,825,609	8,370,093	497,081,228	2,404,013	23,372,162	506,661,701	1,003,742,929
State/Other Special	1,242,216	(237,983)	(73,133)	931,100	(237,905)	5,009,867	6,014,178	6,945,278
Federal Special	78,956,968	10,547,486	15,302,061	104,806,515	12,140,691	17,244,788	108,342,447	213,148,962
Proprietary	0	0	73,133	73,133	0	73,133	73,133	146,266
<b>Total Funds</b>	<b>\$561,084,710</b>	<b>\$18,135,112</b>	<b>\$23,672,154</b>	<b>\$602,891,976</b>	<b>\$14,306,799</b>	<b>\$45,699,950</b>	<b>\$621,091,459</b>	<b>\$1,223,983,435</b>

### Agency Description

The Superintendent of Public Instruction is an elected official authorized by Article VI, Section 1, of the Montana Constitution. Section 20-3-106, MCA states that the Superintendent "... has the general supervision of the public schools and districts of the state." Section 20-7-301, MCA, names the Superintendent as "the governing agent and executive officer of the State of Montana for K-12 vocational education." The Office of Public Instruction (OPI) provides distribution of funding and services to Montana's school-age children and to teachers in approximately 500 school districts. The staff provides technical assistance in planning, implementing, and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum, school finance, and school law. The staff also administers a number of federally-funded programs and provides a variety of information services.

### Summary of Legislative Action

The Office of Public Instruction budget increases by \$26.7 million general fund, or 2.7 percent, and \$83.7 million total funds or 7.3 percent, in the 2003 biennium compared to the 2001 biennium (fiscal 2000 expended plus fiscal 2001 appropriated). General fund increases from the fiscal 2000 base are significantly higher due to the impact of both an increase in BASE aid by the state in fiscal 2001 and an anticipated reduction in enrollment in the 2003 biennium. General fund increases from the base primarily due to the following actions:

1. provision of \$5.0 million general fund (and \$5.083 million state special revenue) to implement the school flexibility account established in SB 390;
2. an increase in BASE aid and special education payments to schools of \$7.2 million to fund present law, and an additional \$24.9 million for a 1.88 percent increase in BASE aid and special education in fiscal 2002 and a further 1.88 percent increase in fiscal 2003;
3. additional funds for school facility payments of \$2.3 million;
4. additional transportation aid of \$0.5 million;
5. additional appropriations totaling \$0.9 million for a variety of other programs to establish funding at the fiscal 2001 appropriated level; and
6. funding of statewide present law adjustments.

General fund was reduced by \$2.85 million when school timber harvest funds used to purchase technology equipment was changed to a statutory appropriation and the funds deposited to a state special revenue account.

This comparison of appropriation authority in the 2003 biennium to the appropriation authority in the 2001 biennium does not include 2001 biennium funding for a BASE aid supplemental of \$8.9 million, as well as increased funding for the Timber for Technology program of \$1.5 million.



State and federal funds increase primarily due to:

1. an increase in various anticipated federal grants and administration of almost \$43.0 million; and
2. a new federal grant and administration for emergency school renovation totaling \$11.0 million.

### **Other Legislation**

The legislature passed a number of bills that impacted K-12 education, as discussed below.

House Bill 625 - HB 625 requires the Office of Public Instruction and the Governor's Office to conduct a study of K-12 education funding. The Governor's Office and OPI are charged with conducting the study, while the interim Education Committee is charged with conducting hearings and taking public comment. Funding was provided to OPI and to the Legislative Services Division from the general fund.

A number of other bills impacted the amount of monies schools will receive, or the method by which funds are received. Each bill is briefly summarized below. For a more detailed discussion of each bill, see the "Program Narrative" section of the Distribution to Public Schools Program.

House Bill 41 - HB 41 provides for the deposition of state timber revenue in a special revenue school technology account, and statutorily appropriates the money. HB 41 also creates a new guarantee subfund in the general fund into which is deposited the interest and income from common school lands. These funds must be used for basic and per-ANB (Average Number Belonging) entitlements.

House Bill 121 - This bill increases the elementary and high school basic and per-ANB entitlements by 1.88 percent in fiscal 2002 and by a further 1.88 percent in fiscal 2003. An additional \$25.8 million above present law is available to schools through this change during the 2003 biennium (appropriated in HB 2).

House Bill 160 - This bill revises special education funding and changes the special education allocation formula.

House Bill 164 - HB 164 revises school general fund limitations by removing the 4 percent growth limitation on school districts that adopt a general fund budget between the BASE and maximum budget.

Senate Bill 65 - SB 65 eliminates the state's obligation to pay school tuition for students who cross a county line to attend school.

Senate Bill 94 - This bill allows 175 percent of special education allowable costs in the maximum budget. On average statewide, SB 94 raises the general fund maximum budget by approximately 1 percent.

Senate Bill 390 - SB 390 creates a new state special school flexibility account, into which general fund of \$5.0 million is transferred in fiscal 2003. The appropriation to schools will be \$5.083 million due to interest accrual.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	114.01	120.01	116.51	(3.50)	120.01	116.51	(3.50)	
Personal Services	4,852,546	5,298,349	5,197,502	(100,847)	5,329,554	5,228,392	(101,162)	(202,009)
Operating Expenses	4,807,538	7,512,227	6,974,208	(538,019)	7,523,325	6,962,211	(561,114)	(1,099,133)
Equipment	47,351	72,351	47,351	(25,000)	72,351	47,351	(25,000)	(50,000)
Local Assistance	477,179,483	485,743,770	493,062,748	7,318,978	495,715,925	502,731,144	7,015,219	14,334,197
Grants	74,197,792	88,188,474	97,610,167	9,421,693	90,583,925	101,122,361	10,538,436	19,960,129
Transfers	0	0	0	0	0	5,000,000	5,000,000	5,000,000
Total Costs	\$561,084,710	\$586,815,171	\$602,891,976	\$16,076,805	\$599,225,080	\$621,091,459	\$21,866,379	\$37,943,184
General Fund	480,885,526	490,402,003	497,081,228	6,679,225	500,392,614	506,661,701	6,269,087	12,948,312
State/Other Special	1,242,216	931,100	931,100	0	931,178	6,014,178	5,083,000	5,083,000
Federal Special	78,956,968	95,329,985	104,806,515	9,476,530	97,749,174	108,342,447	10,593,273	20,069,803
Proprietary	0	152,083	73,133	(78,950)	152,114	73,133	(78,981)	(157,931)
Total Funds	\$561,084,710	\$586,815,171	\$602,891,976	\$16,076,805	\$599,225,080	\$621,091,459	\$21,866,379	\$37,943,184

Executive Budget Comparison

The differences between legislative action and the budget recommended by Governor Martz include the following changes. The legislature:

- Did not approve funding for:
  - o the School Improvement - Focus on Learning Project - \$1.0 million general fund;
  - o implementation of cultural education - \$120,000 general fund; and
  - o completion and maintenance of non-fiscal data submission - \$100,000 general fund.
- Did not fund requested increases for:
  - o traffic safety education administration - \$24,000 state special revenue; and
  - o advanced driver's education - \$157,931 proprietary funds.
- Added the following:
  - o funding to implement the flexibility account established in SB 390 - \$5.0 million general fund and \$5.1 million state special revenue (for a further discussion see "Other Legislation");
  - o funding over the Governor's proposed level for increases in BASE Aid - \$10.5 million general fund. The Governor had requested an increase of 3 percent in fiscal 2003. The legislature provided an increase of 1.88 percent in fiscal 2002 and a further 1.88 percent in fiscal 2003 (for a further discussion see "Other Legislation");
  - o emergency school renovation - \$11.0 million federal funds; and
  - o various other federal funds - \$9.1 million.

The legislature also made a reduction in general fund equivalent to 13.5 percent of all general fund travel expenditures in the base year (\$38,138 over the biennium), and a reduction in general fund equivalent to 1 percent of FTE funded from that source (\$48,558 over the biennium). No FTE were reduced.

Language

Item [OPI Operations] includes a reduction of \$24,236 in fiscal 2002 and \$24,322 in fiscal 2003 of general fund. The office may reallocate this reduction in FTE and funding among programs when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Item [OPI Operations] includes a reduction in general fund of \$19,069 in fiscal 2002 and \$19,069 in fiscal 2003. This is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	114.01	0.00	2.50	116.51	0.00	2.50	116.51	116.51
Personal Services	4,852,546	227,551	117,405	5,197,502	258,021	117,825	5,228,392	10,425,894
Operating Expenses	4,805,731	1,278,553	888,117	6,972,401	1,279,778	874,895	6,960,404	13,932,805
Equipment	47,351	0	0	47,351	0	0	47,351	94,702
Local Assistance	15,330	0	0	15,330	0	0	15,330	30,660
Grants	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$9,720,958</b>	<b>\$1,506,104</b>	<b>\$1,005,522</b>	<b>\$12,232,584</b>	<b>\$1,537,799</b>	<b>\$992,720</b>	<b>\$12,251,477</b>	<b>\$24,484,061</b>
General Fund	4,330,299	132,396	(103,885)	4,358,810	152,559	(128,971)	4,353,887	8,712,697
State/Other Special	242,216	12,017	(73,133)	181,100	12,095	(73,133)	181,178	362,278
Federal Special	5,148,443	1,361,691	1,109,407	7,619,541	1,373,145	1,121,691	7,643,279	15,262,820
Proprietary	0	0	73,133	73,133	0	73,133	73,133	146,266
<b>Total Funds</b>	<b>\$9,720,958</b>	<b>\$1,506,104</b>	<b>\$1,005,522</b>	<b>\$12,232,584</b>	<b>\$1,537,799</b>	<b>\$992,720</b>	<b>\$12,251,477</b>	<b>\$24,484,061</b>

### Program Description

The Administration Program provides leadership and coordination of services to a variety of school and public groups. Staff provides assistance to the Superintendent of Public Instruction in performing the duties prescribed. The program:

1. supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board;
2. is responsible for the distribution and accounting of state and federal funds provided to school districts;
3. provides operational support to OPI; and
4. provides assistance and information to school districts.

The program also administers all federal grants received by OPI, including the budgets for:

1. curriculum assistance;
2. special education;
3. ESEA Title I, II, III, IV and VI administration;
4. secondary vocational education administration; and
5. other educational services including drivers' education, school food services, and audiology.

### Funding

The Administration Program is funded with a combination of general fund, state special revenue, federal funds, and proprietary funds. General fund completely supports the Superintendent's Office, legal services, teacher education and licensure, accreditation, state distribution to schools administration, and information systems support. General fund partially supports (with federal funds) measurement and accountability; information/technology support; curriculum services; health enhancement and safety; educational opportunity and equity; special education; and career, vocational, and adult services.

State special revenue supports traffic and safety education, and school lunch administration.

Federal funds support a variety of activities related to various federal grants and federally supported activities.



Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				437,981					469,711	
Vacancy Savings				(143,485)					(144,429)	
Inflation/Deflation				6,936					13,915	
Fixed Costs				(49,599)					(62,218)	
Total Statewide Present Law Adjustments				\$251,833					\$276,979	
DP 6 - Replace Base Adjustment	0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000
DP 8 - Indirect Cost of Base Adjustments	0.00	24,483	411	17,885	42,779	0.00	27,674	411	19,500	47,585
DP 12 - Federal Grant Award Administration	0.00	0	0	1,508,581	1,508,581	0.00	0	0	1,728,581	1,728,581
DP 16 - Special Education Grant	0.00	0	0	(185,602)	(185,602)	0.00	0	0	(385,602)	(385,602)
DP 17 - School To Work Program Reduction	0.00	0	0	(24,391)	(24,391)	0.00	0	0	(44,866)	(44,866)
DP 18 - Job Training Partnership Act	0.00	0	0	(20,856)	(20,856)	0.00	0	0	(20,856)	(20,856)
DP 19 - Traffic Education Administration	0.00	0	12,000	0	12,000	0.00	0	12,000	0	12,000
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(10,819)	(737)	(9,739)	(21,295)	0.00	(9,532)	(649)	(8,580)	(18,761)
DP 699 - Vacancy Savings at 4 Percent	0.00	(35,284)	(2,074)	(29,587)	(66,945)	0.00	(35,446)	(2,084)	(29,731)	(67,261)
Total Other Present Law Adjustments										
	0.00	(\$11,620)	\$9,600	\$1,256,291	\$1,254,271	0.00	(\$7,304)	\$9,678	\$1,258,446	\$1,260,820
Grand Total All Present Law Adjustments				\$1,506,104					\$1,537,799	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 6 - Replace Base Adjustment - The legislature added funds to the base to replace funding provided by this agency to augment funding in support of the Statewide Accounting, Budgeting, and Human Resources System (SABHRS), which replaced the Statewide Budget and Accounting System (SBAS) in the 2001 biennium. Several agencies were asked to provide one-time resources to support SABHRS in fiscal 2000. Contrary to an agreement with the agency that these funds would be left in the agency's base funding, the funds were removed from OPI's budget during the budget building process.

DP 8 - Indirect Cost of Base Adjustments - This adjustment adds funds to each function's budget in order to meet the indirect costs that support certain central services. Each agency function pays for an assessment equal to 17 percent against all personal services and most operating costs. This funds certain centralized functions of the agency, including payroll, accounting, and fixed costs. The rate (which must be approved by the legislature) and the functions it supports are discussed in more detail in the proprietary rate section of this document.

DP 12 - Federal Grant Award Administration - The legislature provides additional spending authority for funds provided by the federal government in support of the administration of current federal grants. Table 1 shows each grant and the additional funds requested.

Table 1  
Increased Federal Grant Administration  
2003 Biennium

Grant	Fiscal 2002	Fiscal 2003
Bilingual Education	\$75,000	\$75,000
Bilingual Professional Development	75,000	75,000
Comprehensive School Reform	30,000	50,000
Drug Free Schools (Indirects)	8,024	8,024
Homeless	20,000	20,000
IDEA B	604,557	804,557
Immigrant	1,000	1,000
Learn and Serve	10,000	10,000
Title I Evenstart	15,616	15,616
Title I Low Income	589,284	589,284
Title I Migrant	18,721	18,721
Title I Neglected	1,379	1,379
Title II Math/Science	40,000	40,000
Title VI Innovative Ed	20,000	20,000
Total	<u>\$1,508,581</u>	<u>\$1,728,581</u>

DP 16 - Special Education Grant - The Special Education IDEA Secondary Transition Grant, a five-year project funded by the U.S. Department of Education, ends September 30, 2001 (fiscal 2002). This decision package eliminates all base year expenditures.

DP 17 - School To Work Program Reduction - This decision package reduces the appropriation used for the administration of the School to Work Program as a result of reductions made at the federal level. Fiscal 2002 is the last year the grant will be funded. The School to Work Program was designed to provide students (especially those in smaller schools) with opportunities for career exploration and real-world application of learned skills. When the 1999 legislature provided funding for School to Work, it did so with the understanding that the funding for this project might not continue. The Office of Public Instruction indicated that the funds would be used in part to establish a framework that schools could integrate into their curriculums, thereby providing sustainability at such time as the funding was no longer available. The legislature provided \$5.3 million in federal funds to OPI for the School to Work Program, including \$249,793 for administration, in

the 2001 biennium. The agency expended \$2,752,682 in fiscal 2000, of which \$129,999 was expended in this program. This reduction reduces funding for administration to \$105,608 in fiscal 2002 and \$85,133 in fiscal 2003. The Distributions to Schools Program includes the reduction in federal grant authority to reflect the elimination of the grant.

DP 18 - Job Training Partnership Act - This decision package eliminates funding for the Job Training Partnership Act (JTPA), which has been discontinued by the federal government and replaced with the Work Force Investment Act. The Office of Public Instruction used JTPA funds to supplement various programs, including adult basic education. According to the agency, OPI will get a limited amount of Work Force Investment Funds. The JTPA funding to these programs will not be replaced.

DP 19 - Traffic Education Administration - The Traffic Education Program operates through state special revenue funds set aside for traffic education. The Health Enhancement and Safety Division administers this program, which, in part, is required to conduct periodic onsite drivers'-education program reviews. The program also develops, prints, and distributes instructional materials. The legislature funded an increase to allow the program to conduct the periodic program review obligation and revise the current curriculum guide, which was last updated in 1993.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	General	Fiscal 2002			FTE	General	Fiscal 2003		
			State Special	Federal Special	Total Funds			State Special	Federal Special	Total Funds
DP 5 - National Board Certification Stipend										
06	0.00	30,000	0	0	30,000	0.00	30,000	0	0	30,000
DP 13 - Special Ed: State Improvement Grant										
06	2.75	0	0	550,000	550,000	2.75	0	0	550,000	550,000
DP 15 - Advanced Driver Ed Change to Proprietary										
06	0.00	0	(73,133)	0	0*	0.00	0	(73,133)	0	0*
DP 18 - Advanced Placement Incentive Program.										
06	0.00	0	0	27,557	27,557	0.00	0	0	39,841	39,841
DP 20 - Coordinated School Health Program										
06	0.50	0	0	477,013	477,013	0.50	0	0	477,013	477,013
DP 23 - Eliminate Toll-Free Lines for METNET										
06	0.00	(28,080)	0	0	(28,080)	0.00	(28,080)	0	0	(28,080)
DP 24 - Eliminate Communications Position										
06	(1.00)	(100,000)	0	0	(100,000)	(1.00)	(100,000)	0	0	(100,000)
DP 50 - Emergency Renovation for Schools										
06	1.00	0	0	54,837	54,837	1.00	0	0	54,837	54,837
DP 650 - Implementation of HB 124										
06	0.25	37,500	0	0	37,500	0.25	12,500	0	0	12,500
DP 689 - FTE Reduction										
06	(1.00)	0	0	0	0	(1.00)	0	0	0	0
DP 691 - Personal Services General Fund Reduction										
06	0.00	(24,236)	0	0	(24,236)	0.00	(24,322)	0	0	(24,322)
DP 693 - Statewide Travel Reduction										
06	0.00	(19,069)	0	0	(19,069)	0.00	(19,069)	0	0	(19,069)
<b>Total</b>	<b>2.50</b>	<b>(\$103,885)</b>	<b>(\$73,133)</b>	<b>\$1,109,407</b>	<b>\$1,005,522*</b>	<b>2.50</b>	<b>(\$128,971)</b>	<b>(\$73,133)</b>	<b>\$1,121,691</b>	<b>\$992,720*</b>

### New Proposals

DP 5 - National Board Certification Stipend - This addition, which partially funds one of the recommendations of the Governor's Task Force on Teacher Shortage/Teacher Salaries, provides a \$3,000 one-time stipend for Montana teachers who are certified by the National Board of Professional Teaching Standards and who teach full-time in a Montana public school district. Funding is sufficient to provide 10 Montana teachers with this stipend in both years of the biennium. The stated goal of the stipend is to recruit and retain high quality teachers.

DP 13 - Special Ed: State Improvement Grant - This addition provides authority to expend the federal State Improvement Grant, and includes 2.75 FTE for the Special Education Division. The project targets the areas of personnel preparation, recruitment, retention, and professional development.

DP 15 - Advanced Driver Ed Change to Proprietary - This decision package changes the Advanced Driver's Education Program fund from a state special designation to a proprietary designation. The Advanced Driver Education Program is funded from participant fees. The Legislative Finance Committee informally recommended this change. Since the program is self-supporting and has the characteristics of an enterprise function, changing to a proprietary fund would allow the program to respond to increased demand and utilize the increased revenue without seeking a budget amendment.

DP 18 - Advanced Placement Incentive Program - This decision package adds federal funds for the Advanced Placement Incentive Program. The program is intended to encourage low-income students to participate in Advance Placement courses in preparation for the more challenging coursework of the higher grades, and to lay the groundwork for college success. The legislature also funded direct grants to school districts of \$433,500 in the Distribution to Schools Program. (For further discussion, see the narrative for DP 19 in the New Proposals section of that program.)

DP 20 - Coordinated School Health Program - This decision package adds 0.50 FTE and operating expenses (including over \$350,000 each year for consulting and professional services) to implement a program to enhance OPI's ability to provide support to school districts in their efforts to establish health prevention education programs. Federal funds provide the support for this program.



DP 23 - Eliminate Toll-Free Lines for METNET - This decision package eliminates toll free lines for METNET services, and would require schools and teachers to use the Internet to access electronic services provided by OPI.

DP 24 - Eliminate Communications Position - This decision package eliminates the communications position and related operating expenses in the Superintendent's Office.

DP 50 - Emergency Renovation for Schools - This decision package provides appropriation authority to spend a new grant provided by the federal government to assist in the provision of funds for emergency renovation at schools. The appropriation in this program represents the 1 percent of the total grant allowed for administration purposes. The pass-through to schools is included in the Distribution to Schools Program and totals almost \$5.5 million each year. This is a one-time-only appropriation due to uncertainty that the federal government will continue the grant past this biennium.

DP 650 - Implementation of HB 124 - The legislature added a 0.25 FTE in each year of the biennium and \$25,000 in fiscal 2002 for computer processing to implement the provisions of HB 124.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund equivalent to 13.5 percent of base year travel expenditures made from that source. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

### **Language**

It is the intent of the legislature that the Advanced Driver Education program be funded through a proprietary account.

Item [OPI Operations] includes a reduction of \$24,236 in fiscal 2002 and \$24,322 in fiscal 2003 of general fund. The office may reallocate this reduction in FTE and funding among programs when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Item [OPI Operations] includes a reduction in general fund of \$19,069 in fiscal 2002 and \$19,069 in fiscal 2003. This is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses.

Item [OPI Operations] includes \$37,500 of general fund in fiscal 2002 and \$12,500 of general fund in fiscal 2003 that are contingent upon passage and approval of HB 124. (Note - HB 124 was passed and approved.)

Item [National Board Certification Stipends] is to provide up to 10 teachers each fiscal year who obtain certification by the National Board for Professional Teaching Standards with a one-time stipend of \$3,000.

Item [Federal Funds] is a biennial appropriation.

### **Proprietary Rates**

### **Program Description**

OPI's internal service fund is used to pool internal and statewide central service costs charged back to all of OPI's state- and federally-funded programs using a preapproved indirect cost rate.

**Revenues and Expenses**

Expenditures accounted for as indirect costs include all internal payroll, human resource, accounting, budgeting, cash management, financial reporting, procurement, word processing, mail delivery, library services, most statewide fixed costs, statewide indirect costs, and all other costs that cannot reasonably be identified with a particular program. A total of 19.55 FTE are funded from revenues deposited in this fund.

Indirect cost pool revenues are based on expenditures recorded by the Administration Program. Revenues are generated by applying an approved indirect cost rate to all direct personal services; operating expenditures are recorded for state- and federally-funded programs.

**Rate Explanation**

OPI negotiates a three-year "predetermined rate" with the U.S. Department of Education. The rate approved for fiscal years 1999 through 2001 is 17 percent. A new rate will be negotiated for the 2003 biennium based on actual costs incurred in fiscal year 2000. No significant change in the rate is anticipated. The legislature approved a rate of 17 percent each fiscal year.

**Significant Present Law**

The base budget was established for the indirect cost pool at half the biennial amount appropriated for the 2001 biennium, with an additional assumption of increases to pay for Department of Administration SABHRS charges and to meet the costs associated with employee terminations.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	1,807	0	0	1,807	0	0	1,807	3,614
Local Assistance	477,164,153	7,434,287	8,448,978	493,047,418	1,992,528	23,559,133	502,715,814	995,763,232
Grants	74,197,792	9,194,721	14,217,654	97,610,167	10,776,472	16,148,097	101,122,361	198,732,528
Transfers	0	0	0	0	0	5,000,000	5,000,000	5,000,000
<b>Total Costs</b>	<b>\$551,363,752</b>	<b>\$16,629,008</b>	<b>\$22,666,632</b>	<b>\$590,659,392</b>	<b>\$12,769,000</b>	<b>\$44,707,230</b>	<b>\$608,839,982</b>	<b>\$1,199,499,374</b>
General Fund	476,555,227	7,693,213	8,473,978	492,722,418	2,251,454	23,501,133	502,307,814	995,030,232
State/Other Special	1,000,000	(250,000)	0	750,000	(250,000)	5,083,000	5,833,000	6,583,000
Federal Special	73,808,525	9,185,795	14,192,654	97,186,974	10,767,546	16,123,097	100,699,168	197,886,142
<b>Total Funds</b>	<b>\$551,363,752</b>	<b>\$16,629,008</b>	<b>\$22,666,632</b>	<b>\$590,659,392</b>	<b>\$12,769,000</b>	<b>\$44,707,230</b>	<b>\$608,839,982</b>	<b>\$1,199,499,374</b>

### Program Description

The Distribution to Public Schools Program is used by OPI to distribute various state and federal funds to local education agencies.

### Program Narrative

The 57th legislature in HB 2 increased total state aid to K-12 districts by \$36.8 million over present law amounts for the 2003 biennium. As shown in Table 2, BASE aid was increased by \$26.7 million (HB 121 and SB 65), the state special education appropriation was increased by \$1.0 million (HB 2), school facility reimbursements were increased by \$1.1 million (HB 2), and spending for Timber for Technology was increased by \$2.9 million (HB 41). In addition, the legislature created a new state School Flexibility Account from which \$5.1 million is appropriated to school districts in fiscal 2003 (SB 390).

Table 2  
HB 2 Appropriations to K-12 School Districts  
(Millions)

Account	Fiscal 2002			Fiscal 2003			Biennial Change
	Present Law	New Law	Change	Present Law	New Law	Change	
<b>General Fund</b>							
BASE Aid (HB 121 & HB 2 & SB 65)	\$ 431.98	\$ 440.78	\$ 8.80	\$ 425.94	\$ 443.89	\$ 17.95	\$ 26.74
Special Education (HB 2)	33.90	33.90	-	33.90	34.92	1.02	1.02
School Facility Reimbursements (HB 2)	4.00	4.35	0.35	4.00	4.70	0.70	1.05
Other General Fund (HB 2)	13.67	13.70	0.02	13.78	13.80	0.02	0.05
<b>Total General Fund</b>	<b>\$ 483.55</b>	<b>\$ 492.72</b>	<b>\$ 9.17</b>	<b>\$ 477.62</b>	<b>\$ 497.31</b>	<b>\$ 19.69</b>	<b>\$ 28.86</b>
<b>State Special</b>							
Traffic Safety Distribution (HB 2)	\$ 0.75	\$ 0.75	\$ -	\$ 0.75	\$ 0.75	\$ -	\$ -
School Technology Acct-Statutory (HB 41)	-	1.25	1.25	-	1.60	1.60	2.85
School Flexibility Account (SB 390)	-	-	-	-	5.08	5.08	5.08
<b>Total State Special</b>	<b>\$ 0.75</b>	<b>\$ 2.00</b>	<b>\$ 1.25</b>	<b>\$ 0.75</b>	<b>\$ 7.43</b>	<b>\$ 6.68</b>	<b>\$ 7.93</b>
<b>Total State Distribution to Schools</b>	<b>\$ 484.30</b>	<b>\$ 494.72</b>	<b>\$ 10.42</b>	<b>\$ 478.37</b>	<b>\$ 504.74</b>	<b>\$ 26.37</b>	<b>\$ 36.79</b>
<b>Federal</b>	<b>\$ 82.99</b>	<b>\$ 97.19</b>	<b>\$ 14.19</b>	<b>\$ 84.58</b>	<b>\$ 100.70</b>	<b>\$ 16.12</b>	<b>\$ 30.32</b>

General Fund excludes \$5.0 million transfer from general fund to state special flexibility account

BASE aid appropriations and flex account appropriation in FY 2003 will be made only if SB 495 is not enjoined before April 1, 2002.

If SB 495 is enjoined before then, BASE aid in FY 2003 will be \$5.6 million less, and the flex account appropriation is void.



## ANB

Table 3 shows Average Number Belonging (ANB), a measure of the number of students, for which entitlements and other state funding were budgeted during the session. Compared with fiscal 2001, ANB are expected to decline by 3,117 in fiscal 2002 and by an additional 2,757 in fiscal 2003.

	Fiscal Year	Elementary	Percent Change	High School	Percent Change	Total	Percent Change
A	1994	111,507		45,443		156,950	
A	*1995	114,772	2.9%	47,818	5.2%	162,590	3.6%
A	1996	114,734	0.0%	49,045	2.6%	163,779	0.7%
A	1997	114,160	-0.5%	50,582	3.1%	164,742	0.6%
A	1998	112,449	-1.5%	51,432	1.7%	163,881	-0.5%
A	1999	109,652	-2.5%	51,885	0.9%	161,537	-1.4%
A	2000	107,724	-1.8%	52,022	0.3%	159,746	-1.1%
A	2001	106,014	-1.6%	51,524	-1.0%	157,538	-1.4%
A	2002	103,634	-2.2%	50,787	-1.4%	154,421	-2.0%
E	2003	101,168	-2.4%	50,496	-0.6%	151,664	-1.8%

\* includes for the first time, students who spend more than 1/2 day in special education class  
A = Actual; E = Estimated

*Legislation Impacting Schools*

House Bill 2 provided the appropriations for the 2003 biennium distribution to schools. A number of bills implementing state spending increases were passed. A summary of the legislative action of the 57th legislature follows:

House Bill 121 - increases the elementary and high school basic and per-ANB entitlements by 1.88 percent in fiscal 2002 and by 1.88 percent in fiscal 2003. The increase in fiscal 2003 is contingent upon SB 495 surviving uncontested by April 1, 2002. If SB 495 is enjoined before April 1, 2002, the percent increase in entitlements in fiscal 2003 will be 0.79 percent. If SB 495 survives unchallenged, state spending will increase by \$25.8 million above present law during the 2003 biennium.

Table 4 provides a summary of the entitlement changes made by HB 121.

	Fiscal 2001	Fiscal 2002	Percent Change	Fiscal 2003	Percent Change
Elementary Basic Entitlement	18,540	18,889	1.88%	19,244	1.88%
High School Basic Entitlement	206,000	209,873	1.88%	213,819	1.88%
Elementary Per-ANB Entitlement	3,763	3,834	1.88%	3,906	1.88%
High School Per-ANB Entitlement	5,015	5,109	1.88%	5,205	1.88%

Note: Change in fiscal 2003 is contingent upon SB 495. If SB 495 is enjoined before April 1, 2002, then the percentage change in entitlements is 0.79 percent.

Senate Bill 65 - eliminates the state's obligation to pay school tuition for students who cross a county line to attend school. The state will continue to pay tuition for students who attend school outside their resident district because a state agency or a court, including a tribal court, has placed them in a home or institution outside their resident district. The sending district will pay tuition when the children attend another district because of a geographic barrier between the child and the school of residence. In all other cases, parents will pay the tuition or the receiving district may waive tuition charges.

The county will continue to pay the state's share of tuition by withholding the amount out of 55-mill property tax payments made by the county to the state. Because fewer students will qualify for state-paid tuition, the amount of 55-mill revenue will increase by \$919,000 in fiscal 2003. SB 65 also changes the way the receiving school district accounts for the receipt of tuition. Under previous law, districts were required to receive tuition payments in the district general fund below the BASE budget, thereby offsetting local property taxes and GTB. Under SB 65, receiving districts are allowed to budget for tuition receipts in the overBASE portion of the district general fund. As a result, state GTB payments will increase by \$900,000 in fiscal 2003.

House Bill 41 - provides for the deposition of state timber revenue in a special revenue school technology account, and statutorily appropriates the money for distribution to school districts. Formerly, the money was appropriated in HB 2 from the general fund. Districts may use the money for the purchase of technology items. It is expected that timber revenue will be \$1.25 million in fiscal 2002 and \$1.6 million in fiscal 2003.

HB 41, in conjunction with SB 495, also creates a new guarantee subfund in the general fund where the interest and income from common school lands is deposited. The money in the subfund must be used for basic and per-ANB entitlements.

Senate Bill 390 - creates a new state special School Flexibility Account, into which is transferred from the general fund \$5 million in fiscal 2003. The appropriation to school districts out of the state flexibility account in fiscal 2003 is \$5.083 million. The spending of the flex account money will take place in November of 2002, and reflects interest for a quarter of a year.

SB 390 also:

- Creates a new district School Flexibility Account (beginning in fiscal 2003), which may be used to fund: 1) technological equipment enhancements; 2) facility expansion and remodeling; 3) supplies and materials; 4) student assessment and evaluation; 5) the development of curriculum materials; 6) training for classroom staff; 7) free or reduced price housing for classroom teachers; 8) incentives for the recruitment and retention of classroom teachers and other certified staff; and 9) increases in energy costs. In fiscal 2003, districts will receive \$5 million plus interest from the state to support the School Flexibility Account. In addition, a district may propose a voted levy not to exceed 25 percent of the flex funding it receives from the state
- Allows a district whose current year general fund budget exceeds the ensuing year's maximum general fund budget to adopt a general fund budget for the ensuing year up to the current year's general fund budget for up to five years
- Expands the uses of the building reserve fund to include a school transition levy for transition costs related to the opening or closing of a school, replacement of a school building, or consolidation or annexation of school districts
- Extends the deadlines relating to school elections for the spring of 2001

Table 5 shows the method by which money in the state flexibility account will be distributed among school districts in the state.

Table 5  
Spending from School District Flexibility Account

Flex Spending Item	Percentage	Distribution
K-12 Public Schools Amount	15.0%	Number of School Sites per 20-6-501
Large District K-12 Public Schools Amount	25.0%	Number of School Sites > 250 ANB
Current Student Amount	20.0%	ANB - prior year
Average Student Amount	40.0%	5-year average ANB
-- Local effort may match flex account amount with 25% local voted property tax levy		

House Bill 160 - Revises special education funding and changes the special education allocation formula to the following:

- 52.5 percent to instructional block grants
- 17.5 percent to related services block grants
- 25 percent to reimbursement of local districts
- 5 percent to special education cooperatives and joint board for administration and travel

House Bill 164 - Revises school general fund limitations by removing the 4 percent growth limitation on school districts that adopt a general fund budget between the BASE and the maximum budget.

House Bill 625 - An interim study of school funding, HB 625 directs the Governor, with assistance from the State Superintendent of Public Instruction, to conduct a study of school funding. The study is to be completed by December 31, 2001 and presented to the interim legislative committee on Education. The legislative committee will hold hearings on the study and make recommendations to the 2003 legislature.

Senate Bill 94 - For fiscal year 2002, the bill redefines the maximum general fund budget to include 175 percent of the state special education allowable cost payment. For fiscal 2003 and beyond, the maximum general fund budget includes at least 175 percent of the state special education allowable cost payment, but it may include up to 200 percent for a district that reports special education expenditures in excess of the 175 percent threshold. On average statewide, SB 94 raises the general fund maximum budget by approximately 1 percent.

### Funding

Table 6 is a complete listing of appropriations by fund type included in the Distribution to Schools program.



Table 6  
HB 2 Distribution to Schools, General Fund, State Special, and Federal Funds

Description	Base Budget 2000	PL Base Adjustments Fiscal 2002	New Proposals Fiscal 2002	Total Fiscal 2002	PL Base Adjustments Fiscal 2003	New Proposals Fiscal 2003	Total Fiscal 2003
<b>General Fund</b>							
Direct State Aid	\$285,014,058	\$31,014,216	\$6,118,767	\$322,147,041	\$26,328,788	\$12,146,539	\$323,489,386
GTB - School General Fund	120,232,160	(24,581,236)	2,296,463	97,947,386	(25,931,493)	5,645,234	99,945,902
GTB - School Retirement	21,079,332	(779,332)	381,573	20,681,573	(779,332)	154,712	20,454,712
School Facility Reimbursement	3,359,559	640,441	350,000	4,350,000	640,441	700,000	4,700,000
Special Education	33,879,457	20,393	-	33,899,850	20,393	1,016,996	34,916,846
Transportation	10,587,993	200,000	-	10,787,993	300,000	-	10,887,993
Instate Treatment	506,215	468,682	-	974,897	468,682	-	974,897
Secondary Vo Ed	720,000	(5,000)	-	715,000	(5,000)	-	715,000
Adult Basic Ed	250,000	-	25,000	275,000	-	25,000	275,000
Gifted & Talented	141,074	8,926	-	150,000	8,926	-	150,000
School Food	648,653	-	-	648,653	-	-	648,653
Other	136,725	8,300	-	145,025	12,700	-	149,425
School Flexibility Account	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total General Fund	\$476,555,227	\$6,995,389	\$9,171,803	\$492,722,418	\$1,064,106	\$24,688,481	\$502,307,814
<b>State Special Revenue</b>							
Traffic Safety Distribution	\$1,000,000	(\$250,000)	\$0	\$750,000	(\$250,000)	\$0	\$750,000
Timber School Technology Acct-Statutory	-	-	1,250,000	1,250,000	-	1,600,000	1,600,000
Flex Account	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,083,000</u>	<u>5,083,000</u>
Total State Special	\$1,000,000	(\$250,000)	\$1,250,000	\$2,000,000	(\$250,000)	\$6,683,000	\$7,433,000
<b>Federal Special Revenue</b>							
Federal School Foods Programs	\$17,939,414	\$28,500	\$0	\$17,967,914	\$28,500	\$0	\$17,967,914
ESEA - Title I	28,174,873	2,500,000	-	30,674,873	3,500,000	-	31,674,873
ESEA Title II - Eisenhower Pro Dev	1,256,390	500,000	-	1,756,390	500,000	-	1,756,390
ESEA Title III-Tech Literacy Challenge	2,804,972	-	-	2,804,972	-	-	2,804,972
ESEA Title IV Safe & Drug Free Schools	1,678,389	-	-	1,678,389	-	-	1,678,389
ESEA Title VI - Innovative Education	1,684,182	500,000	-	2,184,182	500,000	-	2,184,182
ESEA Title VII - Immigrant Education	35,199	6,000	-	41,199	6,000	-	41,199
IDEA	13,086,597	5,927,000	-	19,013,597	8,657,000	-	21,743,597
Adult Basic Education	1,220,107	160,000	-	1,380,107	160,000	-	1,380,107
Job Training Partnership Act (JTPA)	240,705	(240,705)	-	-	(240,705)	-	-
Carl Perkins	2,845,689	-	-	2,845,689	-	-	2,845,689
School to Work	2,748,249	(300,000)	-	2,448,249	(2,448,249)	-	300,000
Education of Homeless Children	49,739	75,000	-	124,739	75,000	-	124,739
Learn and Serve Montana	44,020	30,000	-	74,020	30,000	-	74,020
Reduced Class Size BL	-	-	7,605,780	7,605,780	-	9,492,523	9,492,523
Advanced Placement Fee Reimbursement	-	-	194,900	194,900	-	238,600	238,600
Emergency School Renovation	-	-	5,428,913	5,428,913	-	5,428,913	5,428,913
Comprehensive School Reform	<u>0</u>	<u>0</u>	<u>963,061</u>	<u>963,061</u>	<u>0</u>	<u>963,061</u>	<u>963,061</u>
Total Federal Special	\$73,808,525	\$9,185,795	\$14,192,654	\$97,186,974	\$10,767,546	\$16,123,097	\$100,699,168
<b>Total General Fund</b>	<b>\$476,555,227</b>	<b>\$6,995,389</b>	<b>\$9,171,803</b>	<b>\$492,722,418</b>	<b>\$1,064,106</b>	<b>\$24,688,481</b>	<b>\$502,307,814</b>
<b>Total State Special</b>	<b>1,000,000</b>	<b>(250,000)</b>	<b>1,250,000</b>	<b>2,000,000</b>	<b>(250,000)</b>	<b>6,683,000</b>	<b>7,433,000</b>
<b>Total Federal Special</b>	<b>73,808,525</b>	<b>9,185,795</b>	<b>14,192,654</b>	<b>97,186,974</b>	<b>10,767,546</b>	<b>16,123,097</b>	<b>100,699,168</b>
<b>Total HB 2 Distribution to Public Schools</b>	<b><u>\$551,363,752</u></b>	<b><u>\$15,931,184</u></b>	<b><u>\$24,614,457</u></b>	<b><u>\$591,909,392</u></b>	<b><u>\$11,581,652</u></b>	<b><u>\$47,494,578</u></b>	<b><u>\$610,439,982</u></b>

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1 - K-12 Base Aid	0.00	6,371,864	0	0	6,371,864	0.00	825,705	0	0	825,705
DP 3 - School Facility Payments current	0.00	640,441	0	0	640,441	0.00	640,441	0	0	640,441
DP 4 - Transportation Aid	0.00	200,000	0	0	200,000	0.00	300,000	0	0	300,000
DP 5 - School District Audit Filing Fee	0.00	8,300	0	0	8,300	0.00	12,700	0	0	12,700
DP 9 - Biennial Appropriations	0.00	472,608	0	0	472,608	0.00	472,608	0	0	472,608
DP 13 - School To Work	0.00	0	0	(300,000)	(300,000)	0.00	0	0	(2,448,249)	(2,448,249)
DP 14 - Job Training Partnership Act (JTPA)	0.00	0	0	(240,705)	(240,705)	0.00	0	0	(240,705)	(240,705)
DP 15 - Federal Grant Awards	0.00	0	0	9,726,500	9,726,500	0.00	0	0	13,456,500	13,456,500
DP 23 - Reduce to anticipated drivers' license revenue	0.00	0	(250,000)	0	(250,000)	0.00	0	(250,000)	0	(250,000)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$7,693,213</b>	<b>(\$250,000)</b>	<b>\$9,185,795</b>	<b>\$16,629,008</b>	<b>0.00</b>	<b>\$2,251,454</b>	<b>(\$250,000)</b>	<b>\$10,767,546</b>	<b>\$12,769,000</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$16,629,008</b>					<b>\$12,769,000</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 1 - K-12 Base Aid** - The legislature approved funding for present law adjustments for BASE aid expenditures of \$6.4 million in fiscal 2002 and \$0.8 million in fiscal 2003. The number of children (ANB) served during the 2003 biennium will be 306,085 compared to 317,130 during the 2001 biennium.

**DP 3 - School Facility Payments Current** - The legislature approved general fund appropriation authority \$640,441 in each year of the 2003 biennium to bring funding of the school facility reimbursement project to the fiscal 2001 level. School facility payments are made to schools to help them pay debt service on building bonds sold after July 1, 1991. The payments are made to low-wealth school districts and are based on statutorily-set entitlement amounts per ANB and a GTB formula. If the amount required is not sufficient to fund all eligible districts, the amount is prorated. During the 1999 session, HB 2 established school facility payments at \$3.5 million in fiscal 2000 and \$4 million in fiscal 2001. The amount spent in fiscal 2000 was less than the appropriation by \$140,441 because the prorated amount was 100 percent of the statutorily-set entitlement. The Missoula High School District passed a new building bond issue in 1999 that will require use of the full \$4 million, with a pro-ratio factor of less than 100 percent.

**DP 4 - Transportation Aid** - The legislature approved a present law adjustment of \$200,000 in fiscal 2002 and \$300,000 in fiscal 2003. The present law adjustment is for anticipated increases in the formula-driven amount paid by the state, which is matched by county property taxes.

**DP 5 - School District Audit Filing Fee** - The legislature approved an increase of 3 percent per year in school district audit filing fees to pay the Department of Commerce for the expenses it incurs when auditing school districts. Payment of this fee is required by Section 2-7-514(2), MCA; the Department of Commerce's fee schedule varies directly with school district revenues.

DP 9 - Biennial Appropriations - The legislature approved adjustments to three programs - the instate treatment program, secondary vocational education program, and the gifted and talented program. The requested adjustment would bring funding to exactly half of the historical biennial spending levels.

DP 13 - School To Work - Federal funds are decreasing for the School-to-Work Program. Fiscal 2002 will be the last year for the program. The legislature approved elimination of all authority.

DP 14 - Job Training Partnership Act (JTPA) - The JTPA was not reauthorized by Congress, but has become part of Title I of the Work Force Investment Act of 1998. OPI will no longer need spending authority for JTPA funds.

DP 15 - Federal Grant Awards - The legislature approved present law adjustments of \$9.7 million in fiscal 2002 and \$13.5 million in fiscal 2003.

All of the grant awards are flow-through funds to be distributed to school districts. The amounts are estimated based upon the most recent federal appropriations bill. All ESEA (Elementary and Secondary Education Act) title grants award financial assistance on the basis of measures of low income and relative size of school, with the exception of Title III, which provides grants for the technology and literacy program on a competitive basis.

- Title I includes financial assistance to districts so that the special education needs of educationally deprived children can be met. The act is targeted at districts with high concentrations of children coming from low-income families, and for children in local institutions for neglected and delinquent children
- Title II is the Eisenhower Professional Development Project. It provides funding to improve the skills of teachers by supporting professional development in mathematics and science, as well as other technical fields
- Title VI is the Innovative Education Grant. It provides funding to ensure that homeless children and youth enroll in, attend, and achieve in school
- Title VII is the Immigrant Education Grant, which provides funding for immigrant children
- IDEA (Individuals with Disabilities Education Act) supports special education school improvement projects for students with disabilities. The grants provide assistance to districts and state agencies in support of meeting the training needs of personnel who work with students with disabilities
- Homeless Children Grants are competitive awards to districts for projects associated with identifying and educating homeless children
- The Learn and Serve Program provides competitive grants for creative partnerships between children and businesses, who together engage in community-action projects
- The School Foods Program provides funding for meals served to low-income children in every school district

DP 23 - Reduce to Anticipated Drivers' License Revenue - A portion of the revenue in this state special revenue account comes from drivers' license fees. Between fiscal 1997 and fiscal 2000, revenue from drivers' license fees was accelerated for 4 years due to the conversion from 4-year licenses to 8-year licenses. Because the revenue from drivers' licenses will return to levels similar to those observed before the change, the legislature reduced expenditures in this account by \$250,000 in each year of the 2003 biennium.



New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 1 - K-12 Base Aid increase										
09	0.00	0	0	0	0	0.00	14,439,914	0	0	14,439,914
DP 3 - School Facility Payments										
09	0.00	350,000	0	0	350,000	0.00	700,000	0	0	700,000
DP 8 - Adult Basic Education										
09	0.00	25,000	0	0	25,000	0.00	25,000	0	0	25,000
DP 16 - Comprehensive School Reform										
09	0.00	0	0	963,061	963,061	0.00	0	0	963,061	963,061
DP 17 - Reduced Class Size										
09	0.00	0	0	7,605,780	7,605,780	0.00	0	0	9,492,523	9,492,523
DP 19 - Advanced Placement Incentive Prog.										
09	0.00	0	0	194,900	194,900	0.00	0	0	238,600	238,600
DP 51 - Emergency School Renovation										
09	0.00	0	0	5,428,913	5,428,913	0.00	0	0	5,428,913	5,428,913
DP 65 - SB65 GTB										
09	0.00	0	0	0	0	0.00	900,000	0	0	900,000
DP 121 - HB121 - BASE Aid Increase										
09	0.00	8,098,978	0	0	8,098,978	0.00	2,436,219	0	0	2,436,219
DP 390 - SB390-Flex Account										
09	0.00	0	0	0	0	0.00	5,000,000	5,083,000	0	10,083,000
<b>Total</b>	<b>0.00</b>	<b>\$8,473,978</b>	<b>\$0</b>	<b>\$14,192,654</b>	<b>\$22,666,632</b>	<b>0.00</b>	<b>\$23,501,133</b>	<b>\$5,083,000</b>	<b>\$16,123,097</b>	<b>\$44,707,230</b>

### New Proposals

**DP 1 - K-12 Base Aid Increase** - The legislature approved an increase above present law of \$14.4 million in BASE aid to schools in the 2003 biennium. The increase includes approximately a \$13.4 million increase in BASE aid, in addition to a \$1.0 million increase in Special Education funding for fiscal 2003. The total increase in BASE aid includes the increase shown here plus the increase shown in DP 121. The total increase in BASE Aid approved by the legislature for the 2003 biennium is \$25.6 million. A portion of this increase is shown as a present law adjustment in DP 1.

**DP 3 - School Facility Payments** - The legislature approved an increase in school facility payments of \$350,000 in fiscal 2002 and \$750,000 in fiscal 2003. Recent passage of a number of building bonds - the largest of which is in the Missoula High School District - will increase the demand for school facility reimbursements. In addition, possible passage of building bonds in Browning and Kalispell would further increase the demand for school facility reimbursements. While the full appropriation for fiscal 2000 was under-spent by \$140,441, the passage of the building bonds will reduce the amount available for other schools if the amount authorized for the 2003 biennium remains at the present law amount.

**DP 8 - Adult Basic Education** - The legislature approved an increase of \$25,000 for each year of the 2003 biennium. The program has had an annual allocation of \$250,000 throughout the 1990's.

**DP 16 - Comprehensive School Reform** - The legislature approved continuation of the federal Comprehensive School Reform Program at \$963,061 in both years of the 2003 biennium. The program funds school reform efforts to improve low-performing students and to provide technical assistance and curriculum development to school personnel.

**DP 17 - Reduced Class Size** - The legislature approved continued federal funding for the Reduced Class Size initiative at \$7.6 million in fiscal 2002 and \$9.5 million in fiscal 2003. The program funds the hiring of additional teachers, aides, and specialized personnel - primarily for grades K-3 - in order to reduce class sizes.

**DP 19 - Advanced Placement Incentive Program** - The Office of Public Instruction has applied to participate in the federally-funded Advanced Placement Incentive Program, which reimburses a major portion of the cost for low-income students taking advanced placement (AP) tests in the spring of each year of the biennium. In addition, the OPI is forming a consortium with the Office of the Commissioner of Higher Education (OCHE) to build a permanent support system and to provide services that will enable low-income students to adequately prepare for challenging coursework in the higher

grades, and which will encourage success in college. (For further discussion, see the preceding narrative in the OPI Administration Program.)

DP 51 - Emergency School Renovation - The legislature approved funding of \$11.0 million for the Federal Emergency Renovation for Schools project. The program provides grants to local educational agencies to help make urgently needed repairs and to pay for special education and construction-related technology expenses. Funds are distributed to states based on Title I Local Education Agency grant shares. States distribute 75 percent of their awards on a competitive basis to local educational agencies to make urgently needed school repairs, such as repair of roofs, plumbing and heating systems, or meeting fire and safety codes. The remaining 25 percent of a state's award is distributed competitively to local educational agencies to use for technology activities related to school renovation or for activities authorized under Part B of the IDEA. School districts apply to the State to receive funding for either purpose.

DP 65 – SB 65 GTB - The legislature added \$900,000 in GTB payments to schools to reflect passage of SB 65. SB 65 requires districts to budget for receipt of tuition funds in the overBASE portion of the district general fund. Previous law required tuition receipts be budgeted in the BASE portion of the general fund.

DP 121 – HB 121 - BASE Aid Increase – HB 121 increases entitlements by 1.88 percent in fiscal 2002 and by 1.88 percent in fiscal 2003. The increase in the fiscal 2003 is contingent on non-enjoinment of SB 495 before April 1, 2002. If SB 495 is enjoined before April 1, 2002, the schedule increase in the fiscal 2003 is 0.79 percent. The amount shown here assumes SB 495 is upheld, and adds \$10.5 million in BASE Aid budget authority. This represents only a portion of the increase in BASE aid. The remaining increase is detailed in DP 121.

DP 390 – SB 390-Flex Account - The legislature approved the transfer of \$5,000,000 in fiscal 2003 from the general fund to the School Flexibility Account. The money plus interest will be transferred out of the state School Flexibility Account to district flexibility accounts. The total spending authority out of the School Flexibility Account is \$5,083,000.

### Language

The Office of Public Instruction may distribute funds from the appropriation in item [Instate Treatment] to public school districts for the purpose of providing educational costs of children with significant behavioral or physical needs.

Items [All General Funds and All Federal Funds] are biennial appropriations.

Item [Timber Harvest for Technology] is for school technology as provided in 20-9-534. The amount expended may not exceed the amount paid into the general fund under the provisions of 20-9-343(3)(a)(ii).

Money deposited in the general fund for fiscal 2001 under 20-9-343(3)(a)(ii) must be transferred to the school technology account in the state special revenue fund in fiscal 2002.

If HB 41 is not passed and approved in the form that statutorily appropriates timber harvest funds to schools for technology acquisitions, there is a restricted, biennial general fund appropriation of \$1,250,000 in fiscal year 2002 and \$1,600,000 in fiscal year 2003. In addition, if HB 41 is not passed and approved, the amendment to the reference copy of [this act] striking the language accompanying the timber harvest appropriation and inserting language is void. (Note: HB 41 was passed and approved.)

If SB 495 is enjoined before April 1, 2002, items [SB 390 - Transfer to School Flexibility Account] and [School Flexibility Account] are void.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	165,764	18,898	0	184,662	19,840	0	185,604	370,266
Operating Expenses	130,077	7,451	23,000	160,528	4,047	23,000	157,124	317,652
Equipment	1,814	0	0	1,814	0	0	1,814	3,628
<b>Total Costs</b>	<b>\$297,655</b>	<b>\$26,349</b>	<b>\$23,000</b>	<b>\$347,004</b>	<b>\$23,887</b>	<b>\$23,000</b>	<b>\$344,542</b>	<b>\$691,546</b>
General Fund	137,503	11,941	22,384	171,828	10,620	22,384	170,507	342,335
State/Other Special	160,152	14,408	616	175,176	13,267	616	174,035	349,211
<b>Total Funds</b>	<b>\$297,655</b>	<b>\$26,349</b>	<b>\$23,000</b>	<b>\$347,004</b>	<b>\$23,887</b>	<b>\$23,000</b>	<b>\$344,542</b>	<b>\$691,546</b>

### Agency Description

The seven-member Board of Public Education, under authority of Article X, Section 9 of the Montana Constitution, exercises "general supervision over the public school system", including the School for the Deaf and Blind. The board shares responsibility with the Board of Regents under Title 20, Chapter 2, MCA for general planning, coordination, and evaluation of the state education system. This includes school accreditation, teacher certification, standardization of policies and programs, and equalization of aid distribution. Board accreditation is the basis for local school district eligibility for state funds. The board also hears and acts on cases for adverse action on teacher certificates, and reviews programs for interstate reciprocity.

### Summary of Legislative Action

The total budget for the Board of Public Education for the 2003 biennium includes \$50,236 in present law adjustments and \$46,000 in new proposals. Total budget increase over the 2001 biennium is \$66,520 including \$66,470 general fund, or 9.6 percent. The legislature applied statewide adjustments, and approved present law adjustments included \$8,000 for a technology upgrade to purchase computer hardware and connect board members via the Internet. The legislature approved two new proposals including: 1) \$16,000 to review standards for school improvement recommended by the Office of Public Instruction; and 2) \$30,000 for annual membership in the National Association of State Boards of Education (NASBE).

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	4.00	4.00	4.00	0.00	4.00	4.00	0.00	
Personal Services	165,764	184,662	184,662	0	185,604	185,604	0	0
Operating Expenses	130,077	137,528	160,528	23,000	134,124	157,124	23,000	46,000
Equipment	1,814	1,814	1,814	0	1,814	1,814	0	0
<b>Total Costs</b>	<b>\$297,655</b>	<b>\$324,004</b>	<b>\$347,004</b>	<b>\$23,000</b>	<b>\$321,542</b>	<b>\$344,542</b>	<b>\$23,000</b>	<b>\$46,000</b>
General Fund	137,503	149,444	171,828	22,384	148,123	170,507	22,384	44,768
State/Other Special	160,152	174,560	175,176	616	173,419	174,035	616	1,232
<b>Total Funds</b>	<b>\$297,655</b>	<b>\$324,004</b>	<b>\$347,004</b>	<b>\$23,000</b>	<b>\$321,542</b>	<b>\$344,542</b>	<b>\$23,000</b>	<b>\$46,000</b>



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00	2.00
Personal Services	103,090	6,135	0	109,225	6,527	0	109,617	218,842
Operating Expenses	45,838	5,806	23,000	74,644	4,093	23,000	72,931	147,575
<b>Total Costs</b>	<b>\$148,928</b>	<b>\$11,941</b>	<b>\$23,000</b>	<b>\$183,869</b>	<b>\$10,620</b>	<b>\$23,000</b>	<b>\$182,548</b>	<b>\$366,417</b>
General Fund	137,503	11,941	22,384	171,828	10,620	22,384	170,507	342,335
State/Other Special	11,425	0	616	12,041	0	616	12,041	24,082
<b>Total Funds</b>	<b>\$148,928</b>	<b>\$11,941</b>	<b>\$23,000</b>	<b>\$183,869</b>	<b>\$10,620</b>	<b>\$23,000</b>	<b>\$182,548</b>	<b>\$366,417</b>

### Program Description

The Administration Program provides administration, research, clerical functions, and management of business affairs for all programs under the authority of the Board of Public Education. The Board of Public Education exists under Article X, Section 9 of the Montana Constitution, and exercises general supervision of the public school system.

### Funding

The Administration Program is funded with a combination of general fund and teacher certification fees. Teacher certification fees fund indirect costs and support the Teacher Certification Council, which is entirely funded with these fees.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				6,135					6,527
Vacancy Savings				0					0
Inflation/Deflation				(13)					0
Fixed Costs				1,819					93
<b>Total Statewide Present Law Adjustments</b>				<b>\$7,941</b>					<b>\$6,620</b>
DP 2 - Technology Upgrade									
0.00	4,000	0	0	4,000	0.00	4,000	0	0	4,000
<b>Total Other Present Law Adjustments</b>									
0.00	\$4,000	\$0	\$0	\$4,000	0.00	\$4,000	\$0	\$0	\$4,000
<b>Grand Total All Present Law Adjustments</b>				<b>\$11,941</b>					<b>\$10,620</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Technology Upgrade - The legislature approved \$8,000 general fund in the 2003 biennium to allow the board to purchase computer equipment and a scanner, as well as to connect board members via the Internet. The intent is to reduce reliance on long distance phone calls, fax, and mail service.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1 - Review of OPI State Improvement Standards										
01	0.00	7,384	616	0	8,000	0.00	7,384	616	0	8,000
DP 2 - NASBE Dues										
01	0.00	15,000	0	0	15,000	0.00	15,000	0	0	15,000
Total	0.00	\$22,384	\$616	\$0	\$23,000	0.00	\$22,384	\$616	\$0	\$23,000

New Proposals

DP 1 - Review of OPI State Improvement Standards - The legislature approved \$16,000 for the 2003 biennium for the Board of Public Education to review the standards for school improvement established by the Office of Public Instruction (OPI). This funding includes \$15,768 general fund and \$1,232 state special revenue. The Board of Public Education will conduct an independent assessment of each OPI recommendation.

DP 2 - NASBE Dues - The legislature approved \$30,000 general fund in the 2003 biennium for annual Board of Education membership in the National Association of State Boards of Education (NASBE).

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00	2.00
Personal Services	62,674	12,763	0	75,437	13,313	0	75,987	151,424
Operating Expenses	84,239	1,645	0	85,884	(46)	0	84,193	170,077
Equipment	1,814	0	0	1,814	0	0	1,814	3,628
<b>Total Costs</b>	<b>\$148,727</b>	<b>\$14,408</b>	<b>\$0</b>	<b>\$163,135</b>	<b>\$13,267</b>	<b>\$0</b>	<b>\$161,994</b>	<b>\$325,129</b>
State/Other Special	148,727	14,408	0	163,135	13,267	0	161,994	325,129
<b>Total Funds</b>	<b>\$148,727</b>	<b>\$14,408</b>	<b>\$0</b>	<b>\$163,135</b>	<b>\$13,267</b>	<b>\$0</b>	<b>\$161,994</b>	<b>\$325,129</b>

### Program Description

The seven-member Certification Standards and Practices Advisory Council, authorized by Title 2-15-1522 of the MCA, studies issues and makes recommendations to the Board of Public Education relative to educator certification, certification standards, and changes and appeals in accordance with Title 20-4-133, MCA. The council submits recommendations to the board annually and as needed.

### Funding

The Certification Standards and Practices Advisory Council is funded by teacher certification fees. The current \$6 fee provides \$4 for council support and \$2 for research and study.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				12,763					13,313
Vacancy Savings				0					0
Inflation/Deflation				44					78
Fixed Costs				1,601					(124)
<b>Total Statewide Present Law Adjustments</b>				<b>\$14,408</b>					<b>\$13,267</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$14,408</b>					<b>\$13,267</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.



Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	81.68	0.00	0.00	81.68	0.00	0.00	81.68	81.68
Personal Services	3,028,662	73,157	65,238	3,167,057	78,346	65,221	3,172,229	6,339,286
Operating Expenses	446,424	47,421	88,289	582,134	17,753	88,483	552,660	1,134,794
Equipment	28,802	0	0	28,802	0	0	28,802	57,604
Capital Outlay	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$3,503,888</b>	<b>\$120,578</b>	<b>\$153,527</b>	<b>\$3,777,993</b>	<b>\$96,099</b>	<b>\$153,704</b>	<b>\$3,753,691</b>	<b>\$7,531,684</b>
General Fund	3,194,426	106,077	153,527	3,454,030	81,598	153,704	3,429,728	6,883,758
State/Other Special	228,068	6,997	0	235,065	6,997	0	235,065	470,130
Federal Special	81,394	7,504	0	88,898	7,504	0	88,898	177,796
<b>Total Funds</b>	<b>\$3,503,888</b>	<b>\$120,578</b>	<b>\$153,527</b>	<b>\$3,777,993</b>	<b>\$96,099</b>	<b>\$153,704</b>	<b>\$3,753,691</b>	<b>\$7,531,684</b>

### Agency Description

The Montana School for the Deaf and the Blind operates under the authority of Title 20-8-101 through 121, MCA and the policy and governance of the State Board of Public Education. The school provides resident and outreach educational services to deaf and hard of hearing, and blind and low vision children whose impairment is such as to preclude their making average progress in regular public schools. Their goal, like most other schools, is to allow their students to attain the attitude, understanding, skill, ability, and knowledge to become contributing members of society.

### Summary of Legislative Action

The total budget for the School for the Deaf and Blind for the 2003 biennium is \$7.5 million. This is a \$365,322 or 5.1 percent increase above the 2001 biennial budget. Adjustments were made in statewide present law to fund personal services and operating expenses, included overtime for student travel and extracurricular compensation and overtime. The legislature approved three new proposals for the 2003 biennium, the first to fund a salary increase for interpreters, the second to fund purchase of 30 replacement computers, and the third to fund general classroom needs. The legislature also reduced the vacancy savings assessed to the Student Services and Education Programs from 4 percent to 2 percent.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	81.68	81.68	81.68	0.00	81.68	81.68	0.00	
Personal Services	3,028,662	3,136,529	3,167,057	30,528	3,141,718	3,172,229	30,511	61,039
Operating Expenses	446,424	523,877	582,134	58,257	494,209	552,660	58,451	116,708
Equipment	28,802	28,802	28,802	0	28,802	28,802	0	0
Capital Outlay	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$3,503,888</b>	<b>\$3,689,208</b>	<b>\$3,777,993</b>	<b>\$88,785</b>	<b>\$3,664,729</b>	<b>\$3,753,691</b>	<b>\$88,962</b>	<b>\$177,747</b>
General Fund	3,194,426	3,365,245	3,454,030	88,785	3,340,766	3,429,728	88,962	177,747
State/Other Special	228,068	235,065	235,065	0	235,065	235,065	0	0
Federal Special	81,394	88,898	88,898	0	88,898	88,898	0	0
<b>Total Funds</b>	<b>\$3,503,888</b>	<b>\$3,689,208</b>	<b>\$3,777,993</b>	<b>\$88,785</b>	<b>\$3,664,729</b>	<b>\$3,753,691</b>	<b>\$88,962</b>	<b>\$177,747</b>

### Executive Budget Comparison

There are two primary differences between legislative action and the Executive Budget. The legislature: 1) added \$116,772 general fund for general education needs; and 2) reduced vacancy savings from the proposed 4 percent to 2 percent each year in the Student Services and Education programs.

**Language**

Item [Education] includes a reduction of \$26,189 in fiscal 2002 and \$26,279 in fiscal 2003 of general fund. The school may reallocate this reduction in funding among programs when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15th of each year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	221,983	2,577	0	224,560	3,391	0	225,374	449,934
Operating Expenses	65,981	39,650	0	105,631	9,032	0	75,013	180,644
<b>Total Costs</b>	<b>\$287,964</b>	<b>\$42,227</b>	<b>\$0</b>	<b>\$330,191</b>	<b>\$12,423</b>	<b>\$0</b>	<b>\$300,387</b>	<b>\$630,578</b>
General Fund	287,964	42,227	0	330,191	12,423	0	300,387	630,578
<b>Total Funds</b>	<b>\$287,964</b>	<b>\$42,227</b>	<b>\$0</b>	<b>\$330,191</b>	<b>\$12,423</b>	<b>\$0</b>	<b>\$300,387</b>	<b>\$630,578</b>

### Program Description

The Administration Program staff provide purchasing, accounting, personnel functions, and management of school business affairs.

### Funding

This program is funded entirely with general fund.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				11,934					12,782
Vacancy Savings				(6,487)					(6,512)
Inflation/Deflation				(402)					(402)
Fixed Costs				40,084					9,466
<b>Total Statewide Present Law Adjustments</b>				<b>\$45,129</b>					<b>\$15,334</b>
DP 696 - Data Network Fixed Costs Reductions									
0.00	(32)	0	0	(32)	0.00	(32)	0	0	(32)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(2,870)	0	0	(2,870)	0.00	(2,879)	0	0	(2,879)
<b>Total Other Present Law Adjustments</b>									
0.00	<b>(\$2,902)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,902)</b>	<b>0.00</b>	<b>(\$2,911)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,911)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$42,227</b>					<b>\$12,423</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Costs Reductions - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from the agency budget.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and included the state share of health insurance premiums in the calculation for determining the amount.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	111,819	326	0	112,145	1,209	0	113,028	225,173
Operating Expenses	194,900	7,035	0	201,935	7,569	0	202,469	404,404
Equipment	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$306,719</b>	<b>\$7,361</b>	<b>\$0</b>	<b>\$314,080</b>	<b>\$8,778</b>	<b>\$0</b>	<b>\$315,497</b>	<b>\$629,577</b>
General Fund	306,719	7,361	0	314,080	8,778	0	315,497	629,577
<b>Total Funds</b>	<b>\$306,719</b>	<b>\$7,361</b>	<b>\$0</b>	<b>\$314,080</b>	<b>\$8,778</b>	<b>\$0</b>	<b>\$315,497</b>	<b>\$629,577</b>

### Program Description

The General Services Program staff provide general upkeep and maintenance of the school's eight buildings and the 18.5 acre campus.

### Funding

This program is funded entirely with general fund.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				4,999					5,918
Vacancy Savings				(3,080)					(3,107)
Inflation/Deflation				9,541					7,491
Fixed Costs				(2,506)					78
<b>Total Statewide Present Law Adjustments</b>				<b>\$8,954</b>					<b>\$10,380</b>
DP 699 - Vacancy Savings at 4 Percent	0.00	(1,593)	0	(1,593)	0.00	(1,602)	0	0	(1,602)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$1,593)</b>	<b>\$0</b>	<b>(\$1,593)</b>	<b>0.00</b>	<b>(\$1,602)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,602)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$7,361</b>					<b>\$8,778</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and included the state share of health insurance premiums in the calculation for determining the amount.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	29.74	0.00	0.00	29.74	0.00	0.00	29.74	29.74
Personal Services	785,044	6,140	18,906	810,090	9,180	18,929	813,153	1,623,243
Operating Expenses	104,068	748	0	104,816	1,164	0	105,232	210,048
Equipment	28,802	0	0	28,802	0	0	28,802	57,604
Capital Outlay	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$917,914</b>	<b>\$6,888</b>	<b>\$18,906</b>	<b>\$943,708</b>	<b>\$10,344</b>	<b>\$18,929</b>	<b>\$947,187</b>	<b>\$1,890,895</b>
General Fund	893,270	6,532	18,906	918,708	9,988	18,929	922,187	1,840,895
Federal Special	24,644	356	0	25,000	356	0	25,000	50,000
<b>Total Funds</b>	<b>\$917,914</b>	<b>\$6,888</b>	<b>\$18,906</b>	<b>\$943,708</b>	<b>\$10,344</b>	<b>\$18,929</b>	<b>\$947,187</b>	<b>\$1,890,895</b>

### Program Description

The Student Services Program staff provide residential care for children living at the school.

### Funding

The Student Services Program is funded with general fund and a minor amount of revenue from the federal school lunch program.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				36,269					39,436
Vacancy Savings				(20,816)					(20,911)
Inflation/Deflation				748					1,164
<b>Total Statewide Present Law Adjustments</b>				<b>\$16,201</b>					<b>\$19,689</b>
DP 5 - Overtime for Student Travel									
0.00	2,723	0	0	2,723	0.00	2,723	0	0	2,723
DP 699 - Vacancy Savings at 4 Percent									
0.00	(12,036)	0	0	(12,036)	0.00	(12,068)	0	0	(12,068)
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>(\$9,313)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,313)</b>	<b>0.00</b>	<b>(\$9,345)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,345)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$6,888</b>					<b>\$10,344</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 5 - Overtime for Student Travel** - The legislature approved \$5,446 general fund for the 2003 biennium for overtime for student travel days, which are maintained as a zero-base budget item. This funding provides student travel up to eight times a year for holidays with staff accommodation to student schedules.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and included the state share of health insurance premiums in the calculation for determining the amount. The rate was reduced to 2 percent in subsequent action (DP 700).

New Proposals										
Prgm	FTE	General	Fiscal 2002			FTE	General	Fiscal 2003		
			State Special	Federal Special	Total Funds			State Special	Federal Special	Total Funds
DP 700 - Vacancy Savings Rate Reduced to 2 Percent										
03	0.00	18,906	0	0	18,906	0.00	18,929	0	0	18,929
<b>Total</b>	<b>0.00</b>	<b>\$18,906</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,906</b>	<b>0.00</b>	<b>\$18,929</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,929</b>

### New Proposals

DP 700 - Vacancy Savings Rate Reduced to 2 Percent - The legislature approved reducing the statewide vacancy savings rate in the Student Services Program from 4 percent to 2 percent. This returned \$37,835 in personal services for this program against the initial 4 percent vacancy savings.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	42.94	0.00	0.00	42.94	0.00	0.00	42.94	42.94
Personal Services	1,909,816	64,114	46,332	2,020,262	64,566	46,292	2,020,674	4,040,936
Operating Expenses	81,475	(12)	88,289	169,752	(12)	88,483	169,946	339,698
<b>Total Costs</b>	<b>\$1,991,291</b>	<b>\$64,102</b>	<b>\$134,621</b>	<b>\$2,190,014</b>	<b>\$64,554</b>	<b>\$134,775</b>	<b>\$2,190,620</b>	<b>\$4,380,634</b>
General Fund	1,706,473	49,957	134,621	1,891,051	50,409	134,775	1,891,657	3,782,708
State/Other Special	228,068	6,997	0	235,065	6,997	0	235,065	470,130
Federal Special	56,750	7,148	0	63,898	7,148	0	63,898	127,796
<b>Total Funds</b>	<b>\$1,991,291</b>	<b>\$64,102</b>	<b>\$134,621</b>	<b>\$2,190,014</b>	<b>\$64,554</b>	<b>\$134,775</b>	<b>\$2,190,620</b>	<b>\$4,380,634</b>

### Program Description

The Education Program staff provide an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. The Education Program serves visual and hearing impaired children who remain in their local school districts by providing deaf/blind educational support services to the students local schools. The program also offers "mainstream" programs for on-campus students in a joint effort with the Great Falls public school system.

### Funding

This program is 97 percent funded with general fund. Other funding includes state special revenue from school trust lands, rental income, and reimbursements from school districts for large print and Braille materials; and federal handicapped children grants, and Medicaid reimbursements.

Present Law Adjustments											
-----Fiscal 2002-----						-----Fiscal 2003-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services					133,034					133,505	
Vacancy Savings					(54,914)					(54,928)	
Inflation/Deflation					(12)					(12)	
Fixed Costs					0					0	
Total Statewide Present Law Adjustments					\$78,108						\$78,565
DP 4 - Extracurricular Compensation and Overtime											
	0.00	11,661	0	0	11,661	0.00	11,661	0	0	11,661	
DP 699 - Vacancy Savings at 4 Percent											
	0.00	(25,667)	0	0	(25,667)	0.00	(25,672)	0	0	(25,672)	
Total Other Present Law Adjustments											
	0.00	(\$14,006)	\$0	\$0	(\$14,006)	0.00	(\$14,011)	\$0	\$0	(\$14,011)	
Grand Total All Present Law Adjustments					\$64,102						\$64,554

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 4 - Extracurricular Compensation and Overtime - The legislature provided \$23,322 general fund for the 2003 biennium for extra curricular compensation and overtime for teacher and interpreter duties involving educational activities including coaching, field trips, and yearbook activities.

DP 699 - Vacancy Savings at 4 Percent - The legislature initially approved increasing the statewide vacancy savings rate to 4 percent and included the state share of health insurance premiums in the calculation for determining the amount. The rate was reduced to 2 percent in subsequent action (DP 700).

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 1 - Salary Increases For Interpreters										
04	0.00	34,710	0	0	34,710	0.00	34,710	0	0	34,710
DP 2 - Computer Replacements										
04	0.00	30,000	0	0	30,000	0.00	30,000	0	0	30,000
DP 503 - General Need- Classroom Conditions										
04	0.00	58,289	0	0	58,289	0.00	58,483	0	0	58,483
DP 691 - Personal Services General Fund Reduction										
04	0.00	(26,189)	0	0	(26,189)	0.00	(26,279)	0	0	(26,279)
DP 700 - Vacancy Savings Rate Reduced to 2 Percent										
04	0.00	37,811	0	0	37,811	0.00	37,861	0	0	37,861
<b>Total</b>	<b>0.00</b>	<b>\$134,621</b>	<b>\$0</b>	<b>\$0</b>	<b>\$134,621</b>	<b>0.00</b>	<b>\$134,775</b>	<b>\$0</b>	<b>\$0</b>	<b>\$134,775</b>

### New Proposals

DP 1 - Salary Increases For Interpreters - The legislature approved \$69,420 general fund for the 2003 biennium for pay raises for interpreters to address the school's interpreter retention issues. This allows the school to remain competitive with the local Great Falls School District.

DP 2 - Computer Replacements - The legislature approved \$60,000 general fund in the 2003 biennium to replace approximately 30 computers during the 2003 biennium to provide the ability to run school and state software.

DP 503 - General Need- Classroom Conditions - The legislature approved \$116,772 general fund in the 2003 biennium to allow the school to address some of their student classroom condition issues. The school will coordinate and present expenditure options for these funds to the Legislative Finance Committee at the October 2001 committee meeting.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced. This action reduced personal services by \$52,468 in the Education Program.

DP 700 - Vacancy Savings Rate Reduced to 2 Percent - The legislature approved reducing the statewide vacancy savings rate from 4 percent to 2 percent and returning this funding proportionally to the Student Services and Education programs. This returned \$75,672 in personal services for this program against the initial 4 percent vacancy savings.

### Language

Item [Education] includes a reduction of \$26,189 in fiscal 2002 and \$26,279 in fiscal 2003 of general fund. The school may reallocate this reduction in funding among programs when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15th of each year.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00	7.00
Personal Services	275,647	46,719	0	322,366	49,775	0	325,422	647,788
Operating Expenses	204,511	12,670	(1,132)	216,049	(14,315)	(1,132)	189,064	405,113
Equipment	0	16,500	0	16,500	0	0	0	16,500
Grants	333,098	63,805	0	396,903	69,883	0	402,981	799,884
<b>Total Costs</b>	<b>\$813,256</b>	<b>\$139,694</b>	<b>(\$1,132)</b>	<b>\$951,818</b>	<b>\$105,343</b>	<b>(\$1,132)</b>	<b>\$917,467</b>	<b>\$1,869,285</b>
General Fund	280,604	54,017	(1,132)	333,489	23,079	(1,132)	302,551	636,040
State/Other Special	132,440	8,389	0	140,829	4,976	0	137,416	278,245
Federal Special	400,212	77,288	0	477,500	77,288	0	477,500	955,000
<b>Total Funds</b>	<b>\$813,256</b>	<b>\$139,694</b>	<b>(\$1,132)</b>	<b>\$951,818</b>	<b>\$105,343</b>	<b>(\$1,132)</b>	<b>\$917,467</b>	<b>\$1,869,285</b>

### Agency Description

The Montana Arts Council is authorized by Title 22-2-101, MCA to assist public and private institutions with artistic and cultural activities. The council encourages participation in, and appreciation of, the arts. The council fosters interest in the state's cultural heritage, expands state cultural resources, and supports freedom of artistic expression through ongoing programs and projects. The council administers the Cultural and Aesthetic Project grants, other grants approved by the legislature, and makes recommendations to the legislature on arts related issues.

### Summary of Legislative Action

The total budget for the Arts Council for the 2003 biennium is \$1.9 million. This is a 12.3 percent increase above the 2001 biennial budget of \$1.7 million. The legislature increased the budget of the Arts Council by \$205,147 over the 2001 biennium level, including \$80,847 in general fund. The legislature maintained present law with the agency budget personal services and operating expenses. Present law adjustments include computer equipment improvements and adjustments to federal and other state funding. The legislature approved no new proposals for arts-related functions other than a statewide adjustment.

### Other Legislation

House Bill 9 - HB 9 provides Cultural and Aesthetic Grants funding to the Arts Council. The bill appropriates \$523,575 general fund and \$417,555 state special revenue funds from the Cultural and Aesthetic Trust Fund interest earnings in the 2003 biennium. For further information, see the Long Range Planning section of this volume.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	
Personal Services	275,647	322,366	322,366	0	325,422	325,422	0	0
Operating Expenses	204,511	241,746	216,049	(25,697)	214,761	189,064	(25,697)	(51,394)
Equipment	0	16,500	16,500	0	0	0	0	0
Grants	333,098	396,903	396,903	0	402,981	402,981	0	0
<b>Total Costs</b>	<b>\$813,256</b>	<b>\$977,515</b>	<b>\$951,818</b>	<b>(\$25,697)</b>	<b>\$943,164</b>	<b>\$917,467</b>	<b>(\$25,697)</b>	<b>(\$51,394)</b>
General Fund	280,604	359,186	333,489	(25,697)	328,248	302,551	(25,697)	(51,394)
State/Other Special	132,440	140,829	140,829	0	137,416	137,416	0	0
Federal Special	400,212	477,500	477,500	0	477,500	477,500	0	0
<b>Total Funds</b>	<b>\$813,256</b>	<b>\$977,515</b>	<b>\$951,818</b>	<b>(\$25,697)</b>	<b>\$943,164</b>	<b>\$917,467</b>	<b>(\$25,697)</b>	<b>(\$51,394)</b>



## Funding

The Montana Arts Council is funded with a combination of general fund, state special revenue from Cultural and Aesthetic (C&A) Trust Fund interest earnings, and federal funds from the National Endowment for the Arts. Funding percentages for the different fund sources have remained relatively stable.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				46,719					49,775
Vacancy Savings				0					0
Inflation/Deflation				(111)					421
Fixed Costs				4,267					(15,301)
<b>Total Statewide Present Law Adjustments</b>				<b>\$50,875</b>					<b>\$34,895</b>
DP 1 - Computer Equipment	0.00	25,500	0	0	25,500	0.00	0	0	0
DP 4 - Additional Federal Funding	0.00	0	0	64,435	64,435	0.00	0	0	70,513
DP 5 - Reduction of State funding	0.00	0	(1,051)	0	(1,051)	0.00	0	0	0
DP 696 - Data Network Fixed Cost Reduction	0.00	(65)	0	0	(65)	0.00	(65)	0	(65)
<b>Total Other Present Law Adjustments</b>				<b>\$88,819</b>	<b>0.00</b>	<b>(\$65)</b>	<b>\$0</b>	<b>\$70,513</b>	<b>\$70,448</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$139,694</b>					<b>\$105,343</b>

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Computer Equipment - The legislature approved funding to purchase four computer workstations, one optical character recognition scanner, one network printer, and one network server during the 2003 biennium.

DP 4 - Additional Federal Funding - The legislature approved authority to spend federal funds in the actual federal amounts awarded during the 2003 biennium.

DP 5 - Reduction of State funding - The legislature approved a reduction of \$1,051 in the 2003 biennium due to less revenue anticipated in state funding for administrative costs of grants.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 693 - Statewide Travel Reduction										
01	0.00	(1,132)	0	0	(1,132)	0.00	(1,132)	0	0	(1,132)
Total	0.00	(\$1,132)	\$0	\$0	(\$1,132)	0.00	(\$1,132)	\$0	\$0	(\$1,132)

### New Proposals

DP 693 - Statewide Travel Reduction - The legislature made a reduction in \$1,132 general fund each year of the 2003 biennium. This is equivalent to 16 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

### Language

All federal funds in item [Promotion of the Arts] are biennial appropriations.

Item [Promotion of the Arts] includes a reduction in general fund of \$1,132 in fiscal 2002 and \$1,132 in fiscal 2003. This reduction is the equivalent of a 16 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	29.90	0.00	0.60	30.50	0.00	0.60	30.50	30.50
Personal Services	1,162,510	(50,250)	31,923	1,144,183	(43,618)	31,923	1,150,815	2,294,998
Operating Expenses	1,007,212	48,657	195,439	1,251,308	19,475	195,439	1,222,126	2,473,434
Equipment	128,681	28,842	0	157,523	28,842	0	157,523	315,046
Grants	630,090	932,584	0	1,562,674	233,449	0	863,539	2,426,213
Transfers	0	500,000	0	500,000	0	0	0	500,000
Debt Service	29,128	(29,128)	0	0	(29,128)	0	0	0
<b>Total Costs</b>	<b>\$2,957,621</b>	<b>\$1,430,705</b>	<b>\$227,362</b>	<b>\$4,615,688</b>	<b>\$209,020</b>	<b>\$227,362</b>	<b>\$3,394,003</b>	<b>\$8,009,691</b>
General Fund	1,597,833	274,562	106,554	1,978,949	2,884	106,554	1,707,271	3,686,220
State/Other Special	667,481	142,756	120,808	931,045	117,749	120,808	906,038	1,837,083
Federal Special	692,307	1,013,387	0	1,705,694	88,387	0	780,694	2,486,388
<b>Total Funds</b>	<b>\$2,957,621</b>	<b>\$1,430,705</b>	<b>\$227,362</b>	<b>\$4,615,688</b>	<b>\$209,020</b>	<b>\$227,362</b>	<b>\$3,394,003</b>	<b>\$8,009,691</b>

### Agency Description

The Library Commission provides assistance and advice to all tax-supported libraries and local governments wishing to establish or improve libraries. The Library Commission administers state and federal library funding, operates and maintains the State Library and Natural Resources Information System, oversees the six library federations, and develops library oriented statewide long-range planning, policy, and service coordination.

### Summary of Legislative Action

The total budget for the State Library for the 2003 biennium is \$8.0 million. This is a 19.8 percent increase above the 2001 biennium budget. The budget contains \$1.6 million in present law adjustments and \$0.45 million in new proposals. The legislature maintained present law with current agency budget personal services and operating expenses. Major increases to the State Library budget include: 1) Library Services Technology Act program, (\$898,838 for the 2003 biennium); 2) Periodical Database program, (\$400,000 for the 2003 biennium); and 3) stable NRIS funds, (\$740,000 for the 2003 biennium).

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	29.90	30.50	30.50	0.00	30.50	30.50	0.00	
Personal Services	1,162,510	1,173,190	1,144,183	(29,007)	1,179,936	1,150,815	(29,121)	(58,128)
Operating Expenses	1,007,212	1,256,603	1,251,308	(5,295)	1,227,466	1,222,126	(5,340)	(10,635)
Equipment	128,681	157,523	157,523	0	157,523	157,523	0	0
Grants	630,090	1,562,674	1,562,674	0	863,539	863,539	0	0
Transfers	0	500,000	500,000	0	0	0	0	0
Debt Service	29,128	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$2,957,621</b>	<b>\$4,649,990</b>	<b>\$4,615,688</b>	<b>(\$34,302)</b>	<b>\$3,428,464</b>	<b>\$3,394,003</b>	<b>(\$34,461)</b>	<b>(\$68,763)</b>
General Fund	1,597,833	2,003,926	1,978,949	(24,977)	1,732,366	1,707,271	(25,095)	(50,072)
State/Other Special	667,481	944,353	931,045	(13,308)	919,400	906,038	(13,362)	(26,670)
Federal Special	692,307	1,701,711	1,705,694	3,983	776,698	780,694	3,996	7,979
<b>Total Funds</b>	<b>\$2,957,621</b>	<b>\$4,649,990</b>	<b>\$4,615,688</b>	<b>(\$34,302)</b>	<b>\$3,428,464</b>	<b>\$3,394,003</b>	<b>(\$34,461)</b>	<b>(\$68,763)</b>

### Executive Budget Comparison

With the exception of global adjustments made to all agencies and the elimination of one new proposal for grants to locally under-funded libraries, the legislature approved the budget as proposed by the executive.



**Language**

Item [State Library Operations] includes a reduction in general fund of \$4,561 in fiscal 2002 and \$4,561 in fiscal 2003. This reduction is the equivalent of a 16 percent reduction in fiscal 2000 base budget travel expenses. The commission may reallocate this reduction in funding between programs when developing 2003 biennium operating plans.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	24.50	0.00	0.00	24.50	0.00	0.00	24.50	24.50
Personal Services	914,828	(35,587)	0	879,241	(30,272)	0	884,556	1,763,797
Operating Expenses	698,505	(79,039)	195,439	814,905	(111,039)	195,439	782,905	1,597,810
Equipment	119,840	8,842	0	128,682	8,842	0	128,682	257,364
Grants	630,090	932,584	0	1,562,674	233,449	0	863,539	2,426,213
Debt Service	14,564	(14,564)	0	0	(14,564)	0	0	0
<b>Total Costs</b>	<b>\$2,377,827</b>	<b>\$812,236</b>	<b>\$195,439</b>	<b>\$3,385,502</b>	<b>\$86,416</b>	<b>\$195,439</b>	<b>\$2,659,682</b>	<b>\$6,045,184</b>
General Fund	1,540,599	271,060	77,939	1,889,598	(4,760)	77,939	1,613,778	3,503,376
State/Other Special	174,921	2,789	117,500	295,210	2,789	117,500	295,210	590,420
Federal Special	662,307	538,387	0	1,200,694	88,387	0	750,694	1,951,388
<b>Total Funds</b>	<b>\$2,377,827</b>	<b>\$812,236</b>	<b>\$195,439</b>	<b>\$3,385,502</b>	<b>\$86,416</b>	<b>\$195,439</b>	<b>\$2,659,682</b>	<b>\$6,045,184</b>

### Program Description

The State Library Operations Program provides information, referral, and consultation services to state government and all tax funded libraries in the state; direct services to blind and handicapped patrons; and direction to the six library federations. The Operations Program also manages budget and personnel functions of the state library, serves as a state documents and federal publications depository, and coordinates library collections throughout the state.

### Funding

This program is funded with a combination of general fund, state special revenue from coal tax and donations, and federal special revenue from federal Library Service Technology Act grants.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(2,441)					3,094
Vacancy Savings				(24,717)					(24,882)
Inflation/Deflation				(910)					180
Fixed Costs				52,783					41,873
<b>Total Statewide Present Law Adjustments</b>				<b>\$24,715</b>					<b>\$20,265</b>
DP 7 - Base Adjustment To Continue LSTA Grants									
0.00	130,437	0	669,551	799,988	0.00	(120,701)	0	219,551	98,850
DP 8 - Library Program Base Adjustments									
0.00	36,753	2,361	0	39,114	0.00	16,753	2,361	0	19,114
DP 696 - Data Network Fixed Cost Reduction									
0.00	(734)	0	0	(734)	0.00	(778)	0	0	(778)
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	(39,068)	0	0	(39,068)	0.00	(39,201)	0	0	(39,201)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(11,779)	0	0	(11,779)	0.00	(11,834)	0	0	(11,834)
<b>Total Other Present Law Adjustments</b>									
0.00	\$115,609	\$2,361	\$669,551	\$787,521	0.00	(\$155,761)	\$2,361	\$219,551	\$66,151
<b>Grand Total All Present Law Adjustments</b>				<b>\$812,236</b>					<b>\$86,416</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 7 - Base Adjustment To Continue LSTA Grants** - The legislature approved funding for "current level of service" grants under the federal Library Services Technology Act (LSTA) program to local libraries to provide state aid and library services at the local community level.

**DP 8 - Library Program Base Adjustments** - The legislature approved funding for base adjustments during the 2003 biennium for zero-based per diem, contracts, training, and computer replacements. This includes enlarging the Talking Books Library Program, maintaining the Keystone library contracts, continuing Braille service contracts, attending mandatory orientation from the National Library Service once every five years, and replacing 10 computers.

**DP 696 - Data Network Fixed Cost Reduction** - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from the agency budget.

**DP 698 - Rent Reduction - Use of Capitol Land Grant** - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 5 - Periodical Database										
01	0.00	82,500	117,500	0	200,000	0.00	82,500	117,500	0	200,000
DP 693 - Statewide Travel Reduction										
01	0.00	(4,561)	0	0	(4,561)	0.00	(4,561)	0	0	(4,561)
<b>Total</b>	<b>0.00</b>	<b>\$77,939</b>	<b>\$117,500</b>	<b>\$0</b>	<b>\$195,439</b>	<b>0.00</b>	<b>\$77,939</b>	<b>\$117,500</b>	<b>\$0</b>	<b>\$195,439</b>

### New Proposals

**DP 5 - Periodical Database** - The legislature approved funding in the 2003 biennial budget to continue the magazine database, including products in specialized areas of biography and legal resources. Local libraries are required to provide an even cost share. The legislature approved this as a one-time-only appropriation.

**DP 693 - Statewide Travel Reduction** - The legislature made a reduction of \$4,561 general fund in each year of the 2003 biennium, which is equivalent to 16 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this program, with the allowance that the commission could reallocate this reduction among programs when developing 2003 biennium operating plans.

### Language

Item 1 includes a biennial appropriation of \$251,138 general fund and \$889,102 federal special revenue for grants to local libraries.

Item [State Library Operations] includes a reduction in general fund of \$4,561 in fiscal 2002 and \$4,561 in fiscal 2003. This reduction is the equivalent of a 16 percent reduction in fiscal 2000 base budget travel expenses. The commission may reallocate this reduction in funding between programs when developing 2003 biennium operating plans.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	5.40	0.00	0.60	6.00	0.00	0.60	6.00	6.00
Personal Services	247,682	(14,663)	31,923	264,942	(13,346)	31,923	266,259	531,201
Operating Expenses	308,707	127,696	0	436,403	130,514	0	439,221	875,624
Equipment	8,841	20,000	0	28,841	20,000	0	28,841	57,682
Transfers	0	500,000	0	500,000	0	0	0	500,000
Debt Service	14,564	(14,564)	0	0	(14,564)	0	0	0
<b>Total Costs</b>	<b>\$579,794</b>	<b>\$618,469</b>	<b>\$31,923</b>	<b>\$1,230,186</b>	<b>\$122,604</b>	<b>\$31,923</b>	<b>\$734,321</b>	<b>\$1,964,507</b>
General Fund	57,234	3,502	28,615	89,351	7,644	28,615	93,493	182,844
State/Other Special	492,560	139,967	3,308	635,835	114,960	3,308	610,828	1,246,663
Federal Special	30,000	475,000	0	505,000	0	0	30,000	535,000
<b>Total Funds</b>	<b>\$579,794</b>	<b>\$618,469</b>	<b>\$31,923</b>	<b>\$1,230,186</b>	<b>\$122,604</b>	<b>\$31,923</b>	<b>\$734,321</b>	<b>\$1,964,507</b>

### Program Description

The Natural Resources Information Services Program (NRIS) manages multiple standard systems for acquisition, storage, retrieval, and management of geographical information systems data related to water resource information, plants and animals, and geographical features.

### Program Narrative

NRIS maintains three specialized programs: 1) the Natural Heritage Program, a computer-assisted inventory of Montana's biological resources emphasizing rare or endangered plant and animal species and biological communities; 2) the Water Information System, a system for locating water resources information in Montana, such as data on surface water, groundwater, water quality, riparian areas, water rights, and climate data; and 3) the Geographic Information System, maps, map data, analytical services, and technical assistance for users of computerized mapping programs.

### Funding

The NRIS program is funded with a combination of general fund, state special revenue, and federal special revenues. In the 2003 biennium, general fund provides 10 percent of total funding. State special revenue provides 64 percent of funding including funding from renewable resources and reclamation and development trust accounts and from the departments of Fish, Wildlife and Parks; Transportation; and Environmental Quality. Federal special revenue provides 26 percent of funding representing contracts NRIS receives for specific services to federal agencies.

Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				(4,952)						(3,580)
Vacancy Savings				(6,645)						(6,686)
Inflation/Deflation				66						209
Fixed Costs				13,066						15,741
<b>Total Statewide Present Law Adjustments</b>				<b>\$1,535</b>						<b>\$5,684</b>
DP 1 - Stable NRIS Funding	0.00	4,513	140,487	475,000	620,000	0.00	4,513	115,487	0	120,000
DP 699 - Vacancy Savings At 4 Percent	0.00	(1,533)	(1,533)	0	(3,066)	0.00	(1,540)	(1,540)	0	(3,080)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,980</b>	<b>\$138,954</b>	<b>\$475,000</b>	<b>\$616,934</b>	<b>0.00</b>	<b>\$2,973</b>	<b>\$113,947</b>	<b>\$0</b>	<b>\$116,920</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$618,469</b>						<b>\$122,604</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Stable NRIS Funding - The legislature approved funds to continue the current level of service, adjust for a Natural Heritage Program contract increase, and establish a consistent operations budget. The legislature designated this as a one-time-only appropriation.

DP 699 - Vacancy Savings At 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Fiscal 2002						Fiscal 2003				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2 - Funding For NRIS Core Position										
07	0.60	28,615	3,308	0	31,923	0.60	28,615	3,308	0	31,923
<b>Total</b>	<b>0.60</b>	<b>\$28,615</b>	<b>\$3,308</b>	<b>\$0</b>	<b>\$31,923</b>	<b>0.60</b>	<b>\$28,615</b>	<b>\$3,308</b>	<b>\$0</b>	<b>\$31,923</b>

### New Proposals

DP 2 - Funding For NRIS Core Position - The legislature approved additional general fund in the NRIS core program to fund the majority of a 0.60 FTE from general fund rather than state special or federal revenue.

### Language

Item [Stable NRIS Funding] includes \$500,000 for legislative contract authority as a biennial appropriation, subject to the following provisions:

- 1) legislative contract authority applies only to state special revenue funds received from the Montana University System, federal funds, and private funds.
- 2) legislative contract authority expenditures must be reported on the state accounting system. The records must be separate from present law operations. In preparing the 2005 biennium budget for legislative consideration, the Office of Budget and Program Planning may not include the expenditures from this item in the present law base.

- 3) a report must be submitted by the Montana State Library commission to the Legislative Fiscal Division following the end of each fiscal year of the biennium. The report must include a list of projects with the related amount of expenditures and FTE for each project.
- 4) legislative contract authority may be transferred between state special and federal special revenue depending upon the contract received by the Montana State Library.



Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	53.63	1.50	2.50	57.63	1.50	2.50	57.63	57.63
Personal Services	1,902,403	229,237	100,401	2,232,041	239,436	100,725	2,242,564	4,474,605
Operating Expenses	996,842	281,440	124,448	1,402,730	257,237	112,879	1,366,958	2,769,688
Equipment	10,077	0	0	10,077	0	0	10,077	20,154
Grants	72,670	240,000	100,000	412,670	240,000	100,000	412,670	825,340
Transfers	53,652	0	0	53,652	0	0	53,652	107,304
<b>Total Costs</b>	<b>\$3,035,644</b>	<b>\$750,677</b>	<b>\$324,849</b>	<b>\$4,111,170</b>	<b>\$736,673</b>	<b>\$313,604</b>	<b>\$4,085,921</b>	<b>\$8,197,091</b>
General Fund	1,650,520	169,471	9,888	1,829,879	146,137	6,927	1,803,584	3,633,463
State/Other Special	192,586	134,267	244,961	571,814	138,812	236,677	568,075	1,139,889
Federal Special	461,688	400,589	0	862,277	403,792	0	865,480	1,727,757
Proprietary	730,850	46,350	70,000	847,200	47,932	70,000	848,782	1,695,982
<b>Total Funds</b>	<b>\$3,035,644</b>	<b>\$750,677</b>	<b>\$324,849</b>	<b>\$4,111,170</b>	<b>\$736,673</b>	<b>\$313,604</b>	<b>\$4,085,921</b>	<b>\$8,197,091</b>

### Agency Description

The Historical Society, authorized by Title 22-3-101, MCA, exists for the use, learning, culture, and enjoyment of the citizens of, and visitors to, the State of Montana. The society acquires, preserves, and protects historical records, art, archives, museum objects, historical places, sites, and monuments. The society maintains a library, an art gallery, a museum, and historical exhibits. The society publishes the state historical magazine and newsletter, and provides educational opportunities and information. The society also administers preservation and antiquities acts, and supports commissions with state historical orientation.

### Summary of Legislative Action

The total budget for the Historical Society for the 2003 biennium is \$8.2 million. This is a 32.3 percent increase above the 2001 biennial budget. The legislature maintained present law with the agency budget personal services and operating expenses and added major increases including: 1) Lewis and Clark Bicentennial funding (\$227,601 accommodations tax funding for the 2003 biennium); 2) storage and curation of the Scriver Collection (\$250,037 accommodations tax funding for the 2003 biennium); 3) federal grant adjustments (\$759,110 federal funding for the 2003 biennium); and 4) matching funding for Lewis and Clark Bicentennial grants (\$400,000 accommodations tax grant funding for the 2003 biennium.)

The legislature approved 4.0 new FTE for the Historical Society including: 1) a 0.5 FTE historian; 2) a 0.5 FTE curator; 3) a 0.5 FTE public access librarian; 4) a 0.5 FTE curator for the Scriver collection; 5) a 1.0 FTE heritage property surveyor; 6) a 0.5 FTE grants administrator; and 7) a 0.5 FTE that was inadvertently omitted during the original budget submission.

The legislature indicated, in the referenced use of accommodation tax to support many society activities, that the Department of Commerce commit \$515,961 accommodations tax in fiscal 2002, and \$511,677 accommodations tax in fiscal 2003 for the Historical Society to support indicated programs.

### Other Legislation

Senate Bill 80 - SB 80 provides revision of the Heritage Preservation Commission laws to allow an increase in per diem and travel allowances. This includes an additional \$50,000 state special revenue in the 2003 biennium from interest that is statutorily appropriated.

Senate Bill 263 - SB263 provides continuation, and makes permanent use, of accommodations tax funding for the Heritage Preservation and Development Program at \$400,000 annually.

Senate Bill 393 - SB 393 provides funding for the Lewis and Clark Bicentennial Commission through a special license plate to complete bicentennial commission related projects. This includes a statutory appropriation of \$1.6 million state special revenue in the 2003 biennium expected to be generated through the license fee.

Senate Bill 443 - SB 443 prohibits public record disposal for records over 10 years old without offering the records to the public. No funds were added to the budget for this purpose.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	53.63	57.13	57.63	0.50	57.13	57.63	0.50	
Personal Services	1,902,403	2,217,848	2,232,041	14,193	2,227,529	2,242,564	15,035	29,228
Operating Expenses	996,842	1,442,480	1,402,730	(39,750)	1,413,100	1,366,958	(46,142)	(85,892)
Equipment	10,077	10,077	10,077	0	10,077	10,077	0	0
Grants	72,670	412,670	412,670	0	412,670	412,670	0	0
Transfers	53,652	53,652	53,652	0	53,652	53,652	0	0
<b>Total Costs</b>	<b>\$3,035,644</b>	<b>\$4,136,727</b>	<b>\$4,111,170</b>	<b>(\$25,557)</b>	<b>\$4,117,028</b>	<b>\$4,085,921</b>	<b>(\$31,107)</b>	<b>(\$56,664)</b>
General Fund	1,650,520	1,955,647	1,829,879	(125,768)	1,930,019	1,803,584	(126,435)	(252,203)
State/Other Special	192,586	484,706	571,814	87,108	485,889	568,075	82,186	169,294
Federal Special	461,688	865,246	862,277	(2,969)	868,459	865,480	(2,979)	(5,948)
Proprietary	730,850	831,128	847,200	16,072	832,661	848,782	16,121	32,193
<b>Total Funds</b>	<b>\$3,035,644</b>	<b>\$4,136,727</b>	<b>\$4,111,170</b>	<b>(\$25,557)</b>	<b>\$4,117,028</b>	<b>\$4,085,921</b>	<b>(\$31,107)</b>	<b>(\$56,664)</b>

### Executive Budget Comparison

Primary changes by the legislature from the budget presented by the Governor include statewide reductions, and replacement of some general fund with accommodations tax. The difference in FTE is due to the increase by the legislature of a 0.5 FTE inadvertently excluded from the budget request.

### Language

It is the intent of the legislature that the Department of Commerce use accommodations tax to fund \$515,961 in fiscal 2002 and \$511,677 in fiscal 2003 for a total of \$677,638 in the 2003 biennium in the Montana Historical Society. This would be expended as follows:

<u>Project</u>	<u>2002</u>	<u>2003</u>	<u>2003 biennium</u>
Lewis & Clark Bicentennial	\$116,477	\$111,124	\$227,601
Scriver Curator	\$28,484	\$25,553	\$54,037
Scriver Rent Storage	\$96,000	\$100,000	\$196,000
Lewis & Clark Bicentennial Commission	\$200,000	\$200,000	\$400,000
Historical Interpretation	\$75,000	\$75,000	\$150,000

Item [Administration Program] includes a reduction in general fund of \$5,278 in fiscal 2002 and \$5,278 in fiscal 2003. This reduction is the equivalent of a 20 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Administration Program] includes a reduction of \$9,453 in fiscal 2002 and \$9,483 in fiscal 2003 of general fund. The society may reallocate this reduction in FTE and funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	13.00	0.00	1.50	14.50	0.00	1.50	14.50	14.50
Personal Services	498,696	66,034	57,163	621,893	68,519	57,349	624,564	1,246,457
Operating Expenses	377,198	85,423	114,583	577,204	61,244	109,014	547,456	1,124,660
Equipment	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$875,894</b>	<b>\$151,457</b>	<b>\$171,746</b>	<b>\$1,199,097</b>	<b>\$129,763</b>	<b>\$166,363</b>	<b>\$1,172,020</b>	<b>\$2,371,117</b>
General Fund	737,206	132,353	(14,731)	854,828	109,843	(14,761)	832,288	1,687,116
State/Other Special	81,510	19,486	116,477	217,473	19,482	111,124	212,116	429,589
Federal Special	57,178	(382)	0	56,796	438	0	57,616	114,412
Proprietary	0	0	70,000	70,000	0	70,000	70,000	140,000
<b>Total Funds</b>	<b>\$875,894</b>	<b>\$151,457</b>	<b>\$171,746</b>	<b>\$1,199,097</b>	<b>\$129,763</b>	<b>\$166,363</b>	<b>\$1,172,020</b>	<b>\$2,371,117</b>

### Program Description

The Administration Program provides supervision, administration, and coordination of Montana Historical Society programs. Program staff manage, plan, direct, and lead the society. Major activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, building management, community outreach, historic research, and historic interpretation.

### Funding

This program is funded with general fund, state special revenue funds from donations and accommodation tax, federal funds from administration of National Parks Service programs, and proprietary funds derived from charges to the Heritage Commission and the Lewis & Clark Commission for services provided by the Montana Historical Society.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				90,119					92,706
Vacancy Savings				(16,179)					(16,255)
Inflation/Deflation				(512)					(306)
Fixed Costs				86,636					62,359
<b>Total Statewide Present Law Adjustments</b>				<b>\$160,064</b>					<b>\$138,504</b>
DP 2 - Lewis & Clark Bicentennial Funding	0.00	31,847	0	31,847	0.00	31,715	0	0	31,715
DP 5 - Travel Adjustments to Base	0.00	4,500	0	4,500	0.00	4,500	0	0	4,500
DP 696 - Data Network Fixed Cost Reduction	0.00	(140)	0	(140)	0.00	(140)	0	0	(140)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(36,908)	0	(36,908)	0.00	(36,884)	0	0	(36,884)
DP 699 - Vacancy Savings at 4 Percent	0.00	(6,088)	(1,027)	(7,906)	0.00	(6,108)	(1,031)	(793)	(7,932)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$6,789)</b>	<b>(\$1,027)</b>	<b>(\$8,607)</b>	<b>0.00</b>	<b>(\$6,917)</b>	<b>(\$1,031)</b>	<b>(\$793)</b>	<b>(\$8,741)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$151,457</b>					<b>\$129,763</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions



on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Lewis & Clark Bicentennial Funding - The legislature approved funding to allow the society to provide professional heritage assistance regarding the Lewis and Clark Bicentennial. This includes Native American interpretation, and cultural artifact conservation for society exhibits. This funding enables tribal elders from around Montana to come to the society to provide advice on the bicentennial, and funds the society to conserve Native American items used in society exhibits. The legislature approved this funding as a one-time-only appropriation.

DP 5 - Travel Adjustments to Base - The legislature approved funding for in-state travel for society administration. This includes the director for a campaign to attract new society members and obtain statewide input on services needed most by society constituents, and the Chief of Heritage Operations for in-state travel to assist with the Lewis and Clark Bicentennial, as well as the Virginia City, Moss Mansion, and Daly Mansion audits and duties.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from the agency budget.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 3 - Lewis & Clark Bicentennial										
01	1.50	0	116,477	0	116,477	1.50	0	111,124	0	111,124
DP 17 - Overhead For Commission Services										
01	0.00	0	0	0	70,000*	0.00	0	0	0	70,000*
DP 691 - Personal Services Reduction										
01	0.00	(9,453)	0	0	(9,453)	0.00	(9,483)	0	0	(9,483)
DP 693 - Statewide Travel Reduction										
01	0.00	(5,278)	0	0	(5,278)	0.00	(5,278)	0	0	(5,278)
Total	1.50	(\$14,731)	\$116,477	\$0	\$171,746*	1.50	(\$14,761)	\$111,124	\$0	\$166,363*

### New Proposals

DP 3 - Lewis & Clark Bicentennial - The legislature approved accommodations tax funding for 1.5 FTE, and other projects associated with current requests to prepare for the upcoming Lewis and Clark Bicentennial. These funds provide assistance to local communities for static and traveling exhibits, educational materials, workshops, signage, and interpretive products. The program contains three 0.5 FTE including a historian, a curator, and a public access librarian. This project also provides an exhibit on the Corps of Discovery; model and primary theme signage; and local workshops to help communities provide historically accurate and consistent programs during the bicentennial.

DP 17 - Overhead For Commission Services - The legislature approved funds for an overhead assessment for administrative and professional assistance the Historical Society provides to the Heritage Commission and the Lewis and Clark Commission. This is a 10 percent assessment to the two commissions' total operating budgets to reimburse the society for administrative and professional assistance currently provided without charge. The Heritage and Lewis & Clark Bicentennial Commissions are administratively attached to the Historical Society.

DP 691 - Personal Services Reduction - The legislature approved an FTE reduction of \$9,453 general fund in fiscal 2002 and \$9,483 general fund in fiscal 2003. There were no actual FTE eliminated. The society may reallocate this reduction in funding among programs when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each year.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 20 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans. The Historical Society travel reduction was adjusted to remove one-time-only travel funding before this reduction was applied.

### Language

Item [Administration Program] includes a reduction in general fund of \$5,278 in fiscal 2002 and \$5,278 in fiscal 2003. This reduction is the equivalent of a 20 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Administration Program] includes a reduction of \$9,453 in fiscal 2002 and \$9,483 in fiscal 2003 of general fund money. The society may reallocate this reduction in FTE and funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	13.75	0.00	0.00	13.75	0.00	0.00	13.75	13.75
Personal Services	492,839	24,956	0	517,795	27,917	0	520,756	1,038,551
Operating Expenses	112,770	13,449	0	126,219	7,533	0	120,303	246,522
Equipment	10,077	0	0	10,077	0	0	10,077	20,154
Grants	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$615,686</b>	<b>\$38,405</b>	<b>\$0</b>	<b>\$654,091</b>	<b>\$35,450</b>	<b>\$0</b>	<b>\$651,136</b>	<b>\$1,305,227</b>
General Fund	556,884	34,952	0	591,836	31,926	0	588,810	1,180,646
State/Other Special	2,808	0	0	2,808	0	0	2,808	5,616
Federal Special	0	0	0	0	0	0	0	0
Proprietary	55,994	3,453	0	59,447	3,524	0	59,518	118,965
<b>Total Funds</b>	<b>\$615,686</b>	<b>\$38,405</b>	<b>\$0</b>	<b>\$654,091</b>	<b>\$35,450</b>	<b>\$0</b>	<b>\$651,136</b>	<b>\$1,305,227</b>

### Program Description

The Library Program staff provide library and archive functions. They acquire, organize, preserve, and provide published materials to the public, including historic records, manuscripts, photographs, and oral histories of Montana, and the West. The Library Program also houses the official archives of state government.

### Funding

This program is funded with general fund, state special revenue funds (Teakle Trust Fund for special books), and proprietary funds from the sale of photographs and photocopies.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					46,531					49,616
Vacancy Savings					(14,588)					(14,681)
Inflation/Deflation					(162)					4
Fixed Costs					3,968					3,968
<b>Total Statewide Present Law Adjustments</b>					<b>\$35,749</b>					<b>\$38,907</b>
DP 4 - Library Program Base Adjustments										
	0.00	3,783	0	0	3,783	0.00	3,701	0	0	3,701
DP 19 - Microfilm Reader Printer										
	0.00	6,000	0	0	6,000	0.00	0	0	0	0
DP 696 - Data Network Fixed Cost Reduction										
	0.00	(140)	0	0	(140)	0.00	(140)	0	0	(140)
DP 699 - Vacancy Savings at 4 Percent										
	0.00	(6,707)	0	0	(6,987)*	0.00	(6,737)	0	0	(7,018)*
<b>Total Other Present Law Adjustments</b>										
	0.00	\$2,936	\$0	\$0	\$2,656*	0.00	(\$3,176)	\$0	\$0	(\$3,457)*
<b>Grand Total All Present Law Adjustments</b>					<b>\$38,405*</b>					<b>\$35,450*</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 4 - Library Program Base Adjustments - The legislature provided funds for communication costs, and board and staff travel not currently in the adjusted base. Funding will be used to install voice mail on primary lines, support State



Historical Records Advisory Board meetings at least twice a year, and provide travel for technical assistance to local libraries and historical societies.

DP 19 - Microfilm Reader Printer - The legislature approved funds to replace microfilm reader/printers. The legislature indicated it would be appropriate for the Library to purchase newer design technology if it becomes available within the funding limits provided. The legislature approved this as a one-time-only biennial appropriation.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from the agency budget.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	9.00	0.00	0.50	9.50	0.00	0.50	9.50	9.50
Personal Services	307,818	18,065	21,619	347,502	19,782	21,688	349,288	696,790
Operating Expenses	88,597	98,369	6,865	193,831	103,402	3,865	195,864	389,695
<b>Total Costs</b>	<b>\$396,415</b>	<b>\$116,434</b>	<b>\$28,484</b>	<b>\$541,333</b>	<b>\$123,184</b>	<b>\$25,553</b>	<b>\$545,152</b>	<b>\$1,086,485</b>
General Fund	280,204	1,978	0	282,182	4,179	0	284,383	566,565
State/Other Special	108,268	114,781	28,484	251,533	119,330	25,553	253,151	504,684
Proprietary	7,943	(325)	0	7,618	(325)	0	7,618	15,236
<b>Total Funds</b>	<b>\$396,415</b>	<b>\$116,434</b>	<b>\$28,484</b>	<b>\$541,333</b>	<b>\$123,184</b>	<b>\$25,553</b>	<b>\$545,152</b>	<b>\$1,086,485</b>

### Program Description

The Museum Program operates independently in accordance with Title 22-3-103, MCA. They preserve and interpret the history of Montana, collect fine arts and artifacts of the general geographic region, and display these artifacts across the state through exhibits and educational activities.

### Funding

This program is funded with general fund; state special revenue funds including donations and accommodations tax; and proprietary funds derived from sales of books, copies and photographs, and rental of traveling exhibits.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				31,866					33,652
Vacancy Savings				(9,129)					(9,182)
Inflation/Deflation				(493)					(342)
Fixed Costs				2,992					3,874
<b>Total Statewide Present Law Adjustments</b>				<b>\$25,236</b>					<b>\$28,002</b>
DP 11 - Scriver Rent Storage									
0.00	0	96,000	0	96,000	0.00	0	100,000	0	100,000
DP 696 - Data Network Fixed Cost Reduction									
0.00	(130)	0	0	(130)	0.00	(130)	0	0	(130)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(3,504)	(1,168)	0	(4,672)	0.00	(3,517)	(1,171)	0	(4,688)
<b>Total Other Present Law Adjustments</b>									
0.00	(\$3,634)	\$94,832	\$0	\$91,198	0.00	(\$3,647)	\$98,829	\$0	\$95,182
<b>Grand Total All Present Law Adjustments</b>				<b>\$116,434</b>					<b>\$123,184</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 11 - Scriver Rent Storage - The legislature approved accommodations tax funds for storage of the Scriver collection in a secure warehouse during the 2003 biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by

the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from the agency budget.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 12 - Scriver Curator										
03	0.50	0	28,484	0	28,484	0.50	0	25,553	0	25,553
<b>Total</b>	<b>0.50</b>	<b>\$0</b>	<b>\$28,484</b>	<b>\$0</b>	<b>\$28,484</b>	<b>0.50</b>	<b>\$0</b>	<b>\$25,553</b>	<b>\$0</b>	<b>\$25,553</b>

### New Proposals

DP 12 - Scriver Curator - The legislature approved accommodations tax funds to establish a 0.5 FTE and curate the Robert M. Scriver collection. This funding allows the society to hire a part-time curatorial technician to provide basic curatorial care and accomplish initial processing of the Robert M. Scriver collection. This includes systematic registration and documentation, initial cleaning and pest control, limited treatment of "at-risk" items, and pre-exhibit research.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	10.38	0.50	0.00	10.88	0.50	0.00	10.88	10.88
Personal Services	319,826	49,875	0	369,701	51,142	0	370,968	740,669
Operating Expenses	347,087	(6,653)	0	340,434	(6,409)	0	340,678	681,112
Equipment	0	0	0	0	0	0	0	0
Transfers	53,652	0	0	53,652	0	0	53,652	107,304
<b>Total Costs</b>	<b>\$720,565</b>	<b>\$43,222</b>	<b>\$0</b>	<b>\$763,787</b>	<b>\$44,733</b>	<b>\$0</b>	<b>\$765,298</b>	<b>\$1,529,085</b>
General Fund	53,652	0	0	53,652	0	0	53,652	107,304
State/Other Special	0	0	0	0	0	0	0	0
Proprietary	666,913	43,222	0	710,135	44,733	0	711,646	1,421,781
<b>Total Funds</b>	<b>\$720,565</b>	<b>\$43,222</b>	<b>\$0</b>	<b>\$763,787</b>	<b>\$44,733</b>	<b>\$0</b>	<b>\$765,298</b>	<b>\$1,529,085</b>

### Program Description

The Publications Program promotes study of Montana history through lectures and publications, including quarterly official publications, newsletters, and books under official society seal through retail, e-mail, and mail order sales.

### Funding

This program is funded with general fund and proprietary funds. The proprietary funds are enterprise funds derived from the for-profit sale of magazines and books from the retail and mail order bookstore.

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				48,436						49,705
Vacancy Savings				(9,773)						(9,812)
Inflation/Deflation				19						168
Fixed Costs				(6,575)						(6,480)
<b>Total Statewide Present Law Adjustments</b>				<b>\$32,107</b>						<b>\$33,581</b>
DP 1 - Funding for Position 51700501-1										
0.50	0	0	0	16,169*	0.50	0	0	0	0	16,218*
DP 696 - Data Network Fixed Cost Reduction										
0.00	0	0	0	(97)*	0.00	0	0	0	0	(97)*
DP 699 - Vacancy Savings at 4 Percent										
0.00	0	0	0	(4,957)*	0.00	0	0	0	0	(4,969)*
<b>Total Other Present Law Adjustments</b>										
0.50	\$0	\$0	\$0	\$11,115*	0.50	\$0	\$0	\$0	\$0	\$11,152*
<b>Grand Total All Present Law Adjustments</b>				<b>\$43,222*</b>						<b>\$44,733*</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Funding for Position 51700501-1 - The legislature approved funding for a 0.5 FTE position at grade 12 that was unintentionally omitted when originally calculating total personal services for this program.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by

the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from the agency budget.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	7.50	1.00	0.50	9.00	1.00	0.50	9.00	9.00
Personal Services	283,224	70,307	21,619	375,150	72,076	21,688	376,988	752,138
Operating Expenses	71,190	90,852	3,000	165,042	91,467	0	162,657	327,699
Grants	72,670	240,000	0	312,670	240,000	0	312,670	625,340
<b>Total Costs</b>	<b>\$427,084</b>	<b>\$401,159</b>	<b>\$24,619</b>	<b>\$852,862</b>	<b>\$403,543</b>	<b>\$21,688</b>	<b>\$852,315</b>	<b>\$1,705,177</b>
General Fund	22,574	188	24,619	47,381	189	21,688	44,451	91,832
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	404,510	400,971	0	805,481	403,354	0	807,864	1,613,345
<b>Total Funds</b>	<b>\$427,084</b>	<b>\$401,159</b>	<b>\$24,619</b>	<b>\$852,862</b>	<b>\$403,543</b>	<b>\$21,688</b>	<b>\$852,315</b>	<b>\$1,705,177</b>

### Program Description

The Historic Sites Preservation Program administers the Montana Antiquities Act, state participation in the federal Historic Preservation Act, and federal grants-in-aid for historic preservation. The Historic Sites Preservation Program provides technical assistance to all Montana property owners. Staff review all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing on the National Register of Historic Places. The office certifies historic structures and rehabilitation projects for federal tax credits to citizens and businesses as authorized by the Tax Reform Act of 1976. The program awards federal grants to local governments, communities, and individuals under the Certified Local Government Program, and completes historic surveys and planning for historic areas.

### Funding

This program is funded with general fund and federal special revenue from National Park Service grants.

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				36,817						38,489
Vacancy Savings				(8,751)						(8,802)
Inflation/Deflation				637						1,104
Fixed Costs				616						940
<b>Total Statewide Present Law Adjustments</b>				<b>\$29,319</b>						<b>\$31,731</b>
DP 34 - Federal Grant Adjustment										
1.00	0	0	379,555	379,555	1.00	0	0	379,555	379,555	
DP 696 - Data Network Fixed Cost Reduction										
0.00	0	0	(119)	(119)	0.00	0	0	(119)	(119)	
DP 698 - Rent Reduction - Use Of Capitol Land Grant										
0.00	0	0	(2,850)	(2,850)	0.00	0	0	(2,860)	(2,860)	
DP 699 - Vacancy Savings at 4 Percent										
0.00	0	0	(4,746)	(4,746)	0.00	0	0	(4,764)	(4,764)	
<b>Total Other Present Law Adjustments</b>										
1.00	\$0	\$0	\$371,840	\$371,840	1.00	\$0	\$0	\$371,812	\$371,812	
<b>Grand Total All Present Law Adjustments</b>				<b>\$401,159</b>						<b>\$403,543</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.



**DP 34 - Federal Grant Adjustment** - The legislature approved adjustment of federal funding based on an increase in the federal grants already received from the Department of the Interior for the National Historic Sites website property data base for historic preservation. This funding adds a 1.0 FTE rural heritage property surveyor in the State Historic Preservation Office (SHPO) of the Montana Historical Society (MHS) to assist rural property owners and state agencies with historic preservation. Funding includes operating expenses to meet the Montana Antiquities Act requirements to "conduct an ongoing survey to identify and document heritage properties and paleontological remains." Under the National Historic Preservation Act, SHPO receives federal funds to maintain and support statewide cultural resource inventories.

**DP 696 - Data Network Fixed Cost Reduction** - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from the agency budget.

**DP 698 - Rent Reduction - Use Of Capitol Land Grant** - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capitol Land Grant funds are used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 15 - SHPO Grants Administrator										
06	0.50	24,619	0	0	24,619	0.50	21,688	0	0	21,688
<b>Total</b>	<b>0.50</b>	<b>\$24,619</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,619</b>	<b>0.50</b>	<b>\$21,688</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,688</b>

### New Proposals

**DP 15 - SHPO Grants Administrator** - The legislature approved funds to add a 0.5 FTE State Historic Preservation Office (SHPO) grants administrator and supporting funding to ensure continued receipt of federal preservation grants and funds. This position will also supervise grants to 13 community-based preservation programs and ensure grant recipients comply with state and federal requirements.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	0	0	100,000	100,000	0	100,000	100,000	200,000
<b>Total Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$200,000</b>
General Fund	0	0	0	0	0	0	0	0
State/Other Special	0	0	100,000	100,000	0	100,000	100,000	200,000
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$200,000</b>

### Program Description

The Montana Lewis and Clark Bicentennial Commission was statutorily created by the 1997 legislature. The commission mission is to provide statewide leadership, communication, and coordination in planning and implementing the Lewis and Clark Bicentennial observance in Montana scheduled to be held from 2003 to 2006. The commission has 12 commissioners appointed by the Governor and serving three-year staggered terms.

### Funding

This program is funded with state special revenue from accommodations tax.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 33 - Grant Funding										
08	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>

### New Proposals

DP 33 - Grant Funding - The legislature approved accommodation tax funds to provide the Lewis and Clark Bicentennial Commission non-federal matching funds for several federal and corporate Lewis and Clark grant related programs. The commission has a grants program assisting non-profit and community groups requesting funding to host visitors during the bicentennial.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	73.55	0.00	13.25	86.80	0.00	13.50	87.05	87.05
Personal Services	2,914,768	84,697	476,694	3,476,159	103,034	489,940	3,507,742	6,983,901
Operating Expenses	3,784,903	161,154	4,715,388	8,661,445	137,376	4,995,052	8,917,331	17,578,776
Equipment	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	5,289,315	299,147	196,206	5,784,668	296,241	196,990	5,782,546	11,567,214
Grants	9,906,881	750,594	2,652,000	13,309,475	985,916	2,597,000	13,489,797	26,799,272
Benefits & Claims	18,462,439	0	6,812,849	25,275,288	0	9,300,378	27,762,817	53,038,105
Transfers	131,911,080	4,023,833	1,614,300	137,549,213	2,948,447	4,074,248	138,933,775	276,482,988
Debt Service	3,748	0	0	3,748	0	0	3,748	7,496
<b>Total Costs</b>	<b>\$172,273,134</b>	<b>\$5,319,425</b>	<b>\$16,467,437</b>	<b>\$194,059,996</b>	<b>\$4,471,014</b>	<b>\$21,653,608</b>	<b>\$198,397,756</b>	<b>\$392,457,752</b>
General Fund	124,494,535	8,295,444	2,540,970	135,330,949	8,839,204	4,901,667	138,235,406	273,566,355
State/Other Special	15,567,144	(2,540,808)	(194,088)	12,832,248	(2,306,596)	(194,088)	13,066,460	25,898,708
Federal Special	32,211,455	(435,211)	14,120,555	45,896,799	(2,061,594)	16,946,029	47,095,890	92,992,689
<b>Total Funds</b>	<b>\$172,273,134</b>	<b>\$5,319,425</b>	<b>\$16,467,437</b>	<b>\$194,059,996</b>	<b>\$4,471,014</b>	<b>\$21,653,608</b>	<b>\$198,397,756</b>	<b>\$392,457,752</b>

### Agency Description

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System. All state funds appropriated by the legislature to the Board of Regents for the support of the Montana University System are channeled through the Office of the Commissioner of Higher Education.

The Montana University System is comprised of:

- The Board of Regents (BOR)
- The Commissioner of Higher Education (CHE), his staff, and several system-wide programs administered from the Office of the Commissioner of Higher Education
- The University of Montana, with:
  - o Four-year campuses in Missoula, Butte, and Dillon
  - o Two-year campuses in Missoula, Butte, and Helena
  - o Two higher education agencies in Missoula and Butte
- Montana State University, with:
  - o Four-year campuses in Bozeman, Billings, and Havre
  - o Two-year campus in Great Falls
  - o Three higher education agencies in Bozeman and Great Falls
- For budget purposes, the Montana University System also includes the community colleges in Kalispell, Glendive, and Miles City. Governance of the community colleges is divided between the Board of Regents and the board of trustees of each community college district.

The OCHE budget is organized in the following programs:

- The Board of Regents travel, per diem, and other related costs
- The CHE, his staff, and all costs related to the state-level administration of the Montana University System not accounted for in other OCHE programs
- State- and federally-funded interstate student assistance and student aid programs administered at the state level, such as the interstate exchange programs for students seeking a medical education, State Work Study, and federal programs that grant funds to needy students
- Three federal grant programs, each with a specific purpose, administered at the state level
- The Montana University System Group Insurance program
- The Montana Guaranteed Student Loan Program
- The Community College Assistance Program



- The Tribal College Assistance Program
- The Appropriation Distribution program where the transfer of state funds to the education units and agencies is recorded and reported

### Summary of Legislative Action

The Fifty-seventh Legislature approved a budget for the Montana University System that:

- Funds an approximate \$100 per resident student increase in state support in fiscal 2002 and an additional \$100 per resident student increase in fiscal 2003
- Anticipates an increase in resident students and a decrease in non-resident students
- Reallocates state funds from all areas of the Montana University System to increase funding for Baker Grants in the Student Assistance Program and to increase the state share of community college costs from 51 percent to 53 percent
- Replaces declining six-mill levy revenue with general fund
- Assumes an annual approximate 5.6 percent tuition rate increase in the 2003 biennium, including pay plan
- Expands public service and research programs at the Agricultural Experiment Station and the Fire Services Training School
- Allows the Guaranteed Student Loan Program to comply with a legislative audit recommendation to modify its accounting of revenues and expenditures to more clearly disclose true revenue and expenditures

The legislature appropriated \$273.6 million general fund in the 2003 biennium for the general operations of the Montana University System, a \$22.0 million and 8.7 percent increase from the 2001 biennium. Major items contributing to the biennial increase include the items listed in the above paragraph as well as statewide present law adjustments for annualization of the 2001 biennium pay plan, inflation, and fixed costs.

State special revenue includes the statewide six-mill levy distributed to the units and colleges, resource indemnity trust (RIT) funds used for the groundwater program at the Montana Bureau of Mines, and motorcycle endorsement and registration fees used for the motorcycle safety program at Montana State University - Northern. The legislature appropriated \$25.9 million state special revenue in the 2003 biennium for the general operation of the Montana University System, a \$5.8 million (18.3 percent) decrease from the 2001 biennium. Declining property tax revenue resulting from recent property tax law changes is the primary reason for the state special revenue decrease in the university system budget.

Federal special revenue includes a variety of federal education grants administered from the Office of the Commissioner of Higher Education (OCHE) and fees and program revenue earned by the Guaranteed Student Loan program in the administration of the loan services it provides. Federal special revenue shown on the agency main table does not include any federal grants at the campuses.

The legislature appropriated \$92.9 million in federal special revenue for the programs administered in the OCHE for the 2003 biennium, a \$16.6 million (21.7 percent) increase from the 2001 biennium. Contributing factors to this biennial increase include \$14.5 million in federal authority for the Guaranteed Student Loan program to comply with a legislative audit recommendation to more clearly account for operating revenues and expenditures and a net \$2.1 million increase in federal education grants administered in the OCHE.

### Agency Discussion

#### *Lump Sum Appropriation*

For the past three biennia, the legislature has combined budgets for the OCHE (except community colleges) and the university units and colleges into one lump-sum appropriation. The legislative rationale for using a lump-sum appropriation for a significant portion of the Montana University System budget is to give the Board of Regents the flexibility to use funds to accomplish the Regents' policy and management priorities. The budgets for the community

colleges, the tribal college assistance, state funds restricted for the Flathead Lake Biological Station, and the research and public service higher education agencies have been appropriated in separate line items in HB 2.

Table 1 Montana University System Legislative Budget 2003 Biennium -- HB2/13 Final									
Category/Program	FTE	General Fund	SSR	Federal	Total State	Tuition (2)	Other University	Total University	Total Funds
<b>FISCAL 2002</b>									
<b>LUMP-SUM:</b>									
CHE-Administration	15.40	\$1,264,071	\$0	\$0	\$1,264,071	\$0	\$0	\$0	\$1,264,071
Student Assistance	0.00	8,299,390	0	151,531	8,450,921	0	0	0	8,450,921
DDE Math & Science	0.00	0	0	312,744	312,744	0	0	0	312,744
Talent Search	20.20	92,846	0	2,993,405	3,086,251	0	0	0	3,086,251
Perkins Admin.	5.00	78,748	0	7,765,831	7,844,579	0	0	0	7,844,579
Guaranteed Student Loan	46.20	0	0	34,673,288	34,673,288	0	0	0	34,673,288
Board of Regents	0.00	43,631	0	0	43,631	0	0	0	43,631
Distance Learning		200,000	0	0	200,000	0	0	0	200,000
Family Practice Residency		341,200	0	0	341,200	0	0	0	341,200
Motorcycle Safety		0	363,336	0	363,336	0	0	0	363,336
University Units & COTs	3,564.00	102,768,870	11,868,912	0	114,637,782	110,420,878	2,927,328	113,348,206	227,985,988
Pers. Svcs. GF Reduction (1)	0.00	(779,826)	0	0	(779,826)	0	0	0	(779,826)
<b>Total Lump Sum</b>	<b>3,650.80</b>	<b>\$112,308,930</b>	<b>\$12,232,248</b>	<b>\$45,896,799</b>	<b>\$170,437,977</b>	<b>\$110,420,878</b>	<b>\$2,927,328</b>	<b>\$113,348,206</b>	<b>\$283,786,183</b>
<b>LINE ITEMS:</b>									
Community Colleges		\$5,685,668	\$0	\$0	\$5,685,668	\$0	\$0	\$0	\$5,685,668
Flathead Lake Biol. Station		100,000	0	0	100,000	0	0	0	100,000
Tribal College Assist. Prog		100,000	0	0	100,000	0	0	0	100,000
Ag Experiment Station	244.56	10,030,460	0	0	10,030,460	0	3,144,235	3,144,235	13,174,695
Extension Service	122.35	4,177,026	0	0	4,177,026	0	2,315,828	2,315,828	6,492,854
Bureau of Mines	34.16	1,533,807	600,000	0	2,133,807	0	27,310	27,310	2,161,117
Forestry & Conservation	13.44	897,428	0	0	897,428	0	4,924	4,924	902,352
Fire Services Training	8.37	497,630	0	0	497,630	0	4,097	4,097	501,727
<b>Total Line Items</b>	<b>422.88</b>	<b>\$23,022,019</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$23,622,019</b>	<b>\$0</b>	<b>\$5,496,394</b>	<b>\$5,496,394</b>	<b>\$29,118,413</b>
<b>HB 2 Gen'l Operating</b>	<b>4,073.68</b>	<b>\$135,330,949</b>	<b>\$12,832,248</b>	<b>\$45,896,799</b>	<b>\$194,059,996</b>	<b>\$110,420,878</b>	<b>\$8,423,722</b>	<b>\$118,844,600</b>	<b>\$312,904,596</b>
<b>HB 13 Pay Plan</b>	<b>0.00</b>	<b>3,491,176</b>	<b>0</b>	<b>0</b>	<b>3,491,176</b>	<b>2,875,870</b>	<b>175,636</b>	<b>3,051,506</b>	<b>6,542,682</b>
<b>Total HB 2 &amp; HB 13</b>	<b>4,073.68</b>	<b>\$138,822,125</b>	<b>\$12,832,248</b>	<b>\$45,896,799</b>	<b>\$197,551,172</b>	<b>\$113,296,748</b>	<b>\$8,599,358</b>	<b>\$121,896,106</b>	<b>\$319,447,278</b>
<b>FISCAL 2003</b>									
<b>LUMP-SUM:</b>									
CHE-Administration	15.40	\$1,243,480	\$0	\$0	\$1,243,480	\$0	\$0	\$0	\$1,243,480
Student Assistance	0.00	8,477,208	0	151,531	8,628,739	0	0	0	8,628,739
DDE Math & Science	0.00	0	0	312,744	312,744	0	0	0	312,744
Talent Search	20.45	93,349	0	3,129,072	3,222,421	0	0	0	3,222,421
Perkins Admin.	5.00	78,746	0	6,125,761	6,204,507	0	0	0	6,204,507
Guaranteed Student Loan	46.20	0	0	37,376,782	37,376,782	0	0	0	37,376,782
Board of Regents	0.00	43,631	0	0	43,631	0	0	0	43,631
Distance Learning		200,000	0	0	200,000	0	0	0	200,000
Family Practice Residency		341,200	0	0	341,200	0	0	0	341,200
Motorcycle Safety		0	363,548	0	363,548	0	0	0	363,548
University Units & COTs	3,564.00	105,554,325	12,036,912	0	117,591,237	109,775,339	2,927,328	112,702,667	230,293,904
Pers. Svcs. GF Reduction (1)	0.00	(782,537)	0	0	(782,537)	0	0	0	(782,537)
<b>Total Lump Sum</b>	<b>3,651.05</b>	<b>\$115,249,402</b>	<b>\$12,400,460</b>	<b>\$47,095,890</b>	<b>\$174,745,752</b>	<b>\$109,775,339</b>	<b>\$2,927,328</b>	<b>\$112,702,667</b>	<b>\$287,448,419</b>
<b>LINE ITEMS:</b>									
Community Colleges		\$5,679,546	\$0	\$0	\$5,679,546	\$0	\$0	\$0	\$5,679,546
Flathead Lake Biol. Station		100,000	0	0	100,000	0	0	0	100,000
Tribal College Assist. Prog		0	0	0	0	0	0	0	0
Ag Experiment Station	244.56	10,066,810	0	0	10,066,810	0	3,157,339	3,157,339	13,224,149
Extension Service	122.35	4,192,993	0	0	4,192,993	0	2,325,136	2,325,136	6,518,129
Bureau of Mines	34.16	1,538,621	666,000	0	2,204,621	0	27,310	27,310	2,231,931
Forestry & Conservation	13.44	900,784	0	0	900,784	0	4,923	4,923	905,707
Fire Services Training	8.37	507,250	0	0	507,250	0	4,097	4,097	511,347
<b>Total Line Items</b>	<b>422.88</b>	<b>\$22,986,004</b>	<b>\$666,000</b>	<b>\$0</b>	<b>\$23,652,004</b>	<b>\$0</b>	<b>\$5,518,805</b>	<b>\$5,518,805</b>	<b>\$29,170,809</b>
<b>HB 2 Gen'l Operating</b>	<b>4,073.93</b>	<b>\$138,235,406</b>	<b>\$13,066,460</b>	<b>\$47,095,890</b>	<b>\$198,397,756</b>	<b>\$109,775,339</b>	<b>\$8,446,133</b>	<b>\$118,221,472</b>	<b>\$316,619,228</b>
<b>HB 13 Pay Plan</b>	<b>0.00</b>	<b>8,759,051</b>	<b>0</b>	<b>0</b>	<b>8,759,051</b>	<b>7,261,684</b>	<b>394,279</b>	<b>7,655,963</b>	<b>16,415,014</b>
<b>Total HB 2 &amp; HB 13</b>	<b>4,073.93</b>	<b>\$146,994,457</b>	<b>\$13,066,460</b>	<b>\$47,095,890</b>	<b>\$207,156,807</b>	<b>\$117,037,023</b>	<b>\$8,840,412</b>	<b>\$125,877,435</b>	<b>\$333,034,242</b>
(1) One-percent FTE Funding reduction to be allocated by the Board of Regents to university system units as defined in 17-7-102(13).									
(2) Assumed approximate 5.6 percent annual tuition rate increases (includes pay plan).									

The legislature determined the level of the lump sum by approving the base budget with present law adjustments and new proposals for each year of the biennium. It approved all funds by program in the OCHE and included those in the HB 2 lump sum. It appropriated only the state funds portion of the current unrestricted funding for the units, colleges of

technology, and research/public service agencies in HB 2 line items. The university funds, composed of tuition, interest, proprietary, federal, and other funds are appropriated in HB 2 language. Table 1 above summarizes the Montana University System legislative budget for each year of the 2003 biennium.

Details of the budgeting decisions are included in the following narratives.

### *Other Appropriations*

Table 2 summarizes all legislative appropriations to the Montana University System for the 2003 biennium. The table includes all state funds appropriated to the university system including appropriations contained in appropriation bills or in statute. University funds deposited to the current unrestricted fund (tuition, interest, federal and proprietary funds at the campus level) are included for the general appropriations act and the pay plan bill. University funds deposited to other fund types (designated, auxiliary, plant, and restricted) are included for the long-range building bills.

Table 2  
Summary of Legislative Appropriations -- 2003 Biennium  
Montana University System

Bill Number	Bill Description	State Appropriated Funds (1)	University Funds	TOTAL
HB 2	General Appropriations Act	\$392,457,752	\$237,068,803	\$629,526,555
HB 13	Pay Plan Bill	12,250,227	10,707,469	22,957,696
HB 5	Long-Range Planning Cash Projects	2,092,500	38,555,080	40,647,580
HB 14	Long-Range Planning Bonded Projects	18,085,286	0	18,085,286
HB 395	Establish Dental Hygiene Program at Great Falls COT	119,683	0	119,683
Statutory: 15-65-121	UM-Missoula Travel Research	611,457	0	611,457
15-38-202	MSU-Northern-Environmental Science-Water Quality Instruction	480,000	0	480,000
HB1, May 2000 SS	MSU-Bozeman - MT Manufacturing Extension Center	400,000	0	400,000
HB1, May 2000 SS	MSU-Northern-Cooperative Development Center	130,000	0	130,000
20-26-1503	Rural Physician Incentive	<u>185,682</u>	<u>0</u>	<u>185,682</u>
<b>Total Appropriations 2003 Biennium</b>		<u>\$426,812,587</u>	<u>\$286,331,352</u>	<u>\$713,143,939</u>

Note: HB3 (the 2001 biennium supplemental bill) included \$1.2 million general fund in fiscal 2001 for utility cost increases.

(1) In this table, state appropriated funds include all funds in HB 2 line items, including general fund, state special revenue, and federal special revenue administered by the OCHE.

### *Tuition Increases*

At its May 2001 meeting, the Board of Regents approved annual tuition increases of 5 percent at the colleges of technology and lower division classes at UM-Western and MSU-Northern and 13 percent at all other campuses. The additional revenue projected to be generated from the tuition increase is \$39.1 million in the 2003 biennium. House Bills 2 and 13 estimated \$14.5 million in tuition increases, or \$24.6 less than approved by the Board of Regents. Refer to the "Education Units Program" in the Appropriation Distribution Program narrative later in the Fiscal Report for more discussion of tuition increases authorized by the Board of Regents.



**Other Legislation**

House Bills 5 & 14 - These bills contain the cash and bonded capital projects for the university system as discussed in the "Long Range Planning" section of the Legislative Fiscal Report, 2003 Biennium. Cash projects total \$2.1 million of state funds and \$38.6 million of university funds for planning, maintenance, and renovation of buildings on all the campuses. Bonded projects approved in HB 14 total \$18.1 million for deferred maintenance and renovation projects, new construction, and installation of the public broadcasting system digital conversion.

House Bill 13 - Appropriates \$12.25 million general fund and \$10.71 million other funds (university funds, primarily tuition) to fund 4 percent annual pay plan increases in the 2003 biennium. The state portion of the pay plan cost is 53 percent for the 2003 biennium compared to 64 percent in the 2001 biennium.

House Bill 265 - Authorizes local school district trustees to enter into an agreement with a postsecondary institution that permits 11<sup>th</sup> and 12<sup>th</sup> graders to take college level classes for college credit, also known as a running start program. The agreement must specify the cost per credit hour to be paid to the postsecondary institution by either the district or the student.

The student credit hours generated from these educational services will be counted in the student enrollment reported by the postsecondary institutions. If the total student enrollment, including any enrollment generated through a running start program, is within the budgeted enrollment for the Montana university system, then the postsecondary institution will have received the state share of the cost of providing educational services. If the total student enrollment, including any enrollment generated through a running start program, exceeds the budgeted enrollment for the Montana university system, then the postsecondary institution will serve the higher-than-expected enrollment without any additional state funding.

House Bill 395 - Appropriates \$119,683 general fund in the 2003 biennium to the Board of Regents to establish a dental hygiene program at the Great Falls College of Technology.

House Joint Resolution 15 - Requests the legislative council to designate an appropriate interim committee, or direct sufficient staff resources, to study the laws governing community colleges and to report any findings, conclusions, comments, or recommendations to the 58<sup>th</sup> Legislature.

House Joint Resolution 35 - Requests the Legislative Council to designate an appropriate interim committee, or direct sufficient staff resources, to conduct a study of the feasibility of establishing a tuition prepayment program within the Montana University System and to report any findings, conclusions, comments, or recommendations to the 58<sup>th</sup> Legislature.

Senate Bill 151 - Prohibits university fitness centers from selling services to individual members of the general public (except under certain conditions) when there is a for-profit fitness center operating in the same community. According to the fiscal note accompanying the bill, the fees currently generated from the sale of fitness services to the general public (approximately \$128,500 annually) are used to retire revenue bonds used to build or maintain the fitness facilities. This legislation may result in the portion of debt service costs formerly borne by the general public to be assessed against students in the form of higher fees.

Senate Bill 425 - Makes permanent the designation of the Board of Regents as the eligible agency for administering the Carl D. Perkins Vocational and Applied Technology Education Act.

Senate Bill 511 - Redirects the deposit of university trust land timber sale proceeds from the University Permanent Trust to the University System as current income. Prior to this legislation, timber sale proceeds were deposited to the trust corpus and the investment earnings were distributed to the University System. This legislation directs that timber sale proceeds by-pass the trust and be distributed directly to the University System.

The short-term fiscal impact of this legislation is to increase the income allocation to the University System by the amount of timber sale proceeds, estimated to be approximately \$759,000 each year of the 2003 biennium. The long-term fiscal impact of this legislation will be to reduce the interest income generated from the trust funds.

House Bill 505 - Requires the general fund reversion, if required by the legislature as stated in the general appropriations act, be based on the difference between the FTE resident enrollment projection and the actual FTE resident enrollment or the FTE resident enrollment projection and the prior 3-year average FTE resident enrollment, whichever is lower. The 3-year average would be used during a period of declining resident enrollment because it would result in a smaller reversion.

Senate Bill 229 - The practice of employing or offering employment to spouses of current or prospective university employees as a retention or recruitment tool has become increasingly commonplace in the postsecondary education work environment in the United States. SB 229 amends Section 49-2-303, MCA, discrimination in employment, to allow an employer to employ or offer to employ a qualified person for a position, and to also employ or offer to employ the person's spouse. There was no fiscal note on this legislation and the fiscal impact is unknown.

Senate Bill 214 - Revised the name of the Western Montana College of the University of Montana to the University of Montana – Western.

#### *Energy Bills and the Impact to the Six-Mill Statewide Levy*

Three energy bills enacted by the Fifty-seventh Legislature will reduce revenue to the six-mill levy state special revenue account due to property tax incentives included in the legislation to encourage the development of electrical generation facilities. This legislation, and the estimated fiscal impact, is briefly described below:

House Bill 600 - Exempts from property taxation part or all of the value of noncommercial electrical generation machinery and equipment used for the production of electrical energy for use by the owner in the owner's business if at least 80 percent of the electrical energy produced is used by the owner in the owner's business. The fiscal impact to the six-mill levy special revenue account is projected to be minimal, approximately \$2,000 in the 2003 biennium.

Senate Bill 506 - This bill encourages alternative energy and electrical generation by providing property tax exemptions for qualifying machinery and equipment and approving or reinstating income tax incentives for individuals or small businesses to build or install alternative energy systems. The impact to the Montana University System is a reduction in the six-mill levy special revenue of approximately \$31,000 in fiscal 2003.

Senate Bill 508 - Provides for the exemption of electrical generation facilities for a five or ten-year period following the commencement of construction of the facility. Coal-fired steam and water driven turbines are exempt for ten years and oil or gas turbines are exempt for five years. In order to qualify for the exemption, the owner or operator of the electrical generation facility must offer to sell 50 percent of the facility's net generating output to customers at a cost-based rate, including a reasonable rate of return for a period of twenty years from the date of the facility's completion. The impact to the Montana University System is a reduction in the six-mill levy special revenue of approximately \$17,000 in fiscal 2003.



## Agency Budget Comparison

Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	73.55	86.80	86.80	0.00	87.05	87.05	0.00	
Personal Services	2,914,768	3,476,159	3,476,159	0	3,507,742	3,507,742	0	0
Operating Expenses	3,784,903	8,677,155	8,661,445	(15,710)	8,933,076	8,917,331	(15,745)	(31,455)
Equipment	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	5,289,315	5,676,726	5,784,668	107,942	5,703,537	5,782,546	79,009	186,951
Grants	9,906,881	13,690,815	13,309,475	(381,340)	13,971,137	13,489,797	(481,340)	(862,680)
Benefits & Claims	18,462,439	25,275,288	25,275,288	0	27,762,817	27,762,817	0	0
Transfers	131,911,080	138,879,436	137,549,213	(1,330,223)	139,540,621	138,933,775	(606,846)	(1,937,069)
Debt Service	3,748	3,748	3,748	0	3,748	3,748	0	0
<b>Total Costs</b>	<b>\$172,273,134</b>	<b>\$195,679,327</b>	<b>\$194,059,996</b>	<b>(\$1,619,331)</b>	<b>\$199,422,678</b>	<b>\$198,397,756</b>	<b>(\$1,024,922)</b>	<b>(\$2,644,253)</b>
General Fund	124,494,535	137,028,001	135,330,949	(1,697,052)	139,404,261	138,235,406	(1,168,855)	(2,865,907)
State/Other Special	15,567,144	12,821,144	12,832,248	11,104	12,989,144	13,066,460	77,316	88,420
Federal Special	32,211,455	45,830,182	45,896,799	66,617	47,029,273	47,095,890	66,617	133,234
<b>Total Funds</b>	<b>\$172,273,134</b>	<b>\$195,679,327</b>	<b>\$194,059,996</b>	<b>(\$1,619,331)</b>	<b>\$199,422,678</b>	<b>\$198,397,756</b>	<b>(\$1,024,922)</b>	<b>(\$2,644,253)</b>

## Executive Budget Comparison

The legislature adopted a budget for the Montana University System that contains \$2.9 million less general fund and \$2.6 million less total state appropriated funds than proposed in the 2003 biennium Executive Budget. Legislative action described below explains the majority of the general fund difference. The legislature approved a:

- \$0.2 million general fund increase to add 1 trainer and support staff and operating costs to the Fire Services Training School
- \$0.4 million general fund increase to fund a new research program at the Agricultural Experiment Station, the Institute for Biobased Products and Food Science
- \$0.2 million general fund increase for the Flathead Lake Biological Station as a one-time-only appropriation
- \$0.4 million general fund increase and a concurrent \$0.4 million state special revenue decrease to reflect the anticipated fiscal impact of House Bill 124, the "Big Bill"
- \$0.1 million general fund increase for the Tribal College Assistance Program
- \$0.2 million general fund increase to the Extension Service budget to continue the tech transfer position associated with the Montana Beef Network and designated by the 1999 legislature as a one-time-only appropriation
- \$0.6 million general fund increase to the Agricultural Experiment Station and Extension Service budgets to reduce the vacancy savings rate from 4 percent to 1.5 percent
- \$0.3 million general fund increase to the Agricultural Experiment Station to replace a projected shortfall of federal and sales revenue (university funds)
- \$0.4 million general fund increase to the Community Colleges to increase state support from 51 percent to 53 percent
- \$1.1 million general fund decrease from the Executive Budget recommendation for the Student Financial Assistance Program
- \$0.2 million general fund decrease for the Community Colleges due to lower student enrollment projections than those contained in the Executive Budget
- \$2.0 million general fund decrease for a systemwide reduction in personal services costs and travel expenses
- \$1.4 million general fund reallocation from the education units to increase other components of the university system, including some of the increases listed above
- \$0.8 million general fund reduction to eliminate the new proposal contained in the Executive Budget for academic program development at the colleges of technology



Biennial differences from the Executive Budget in other state funds (state special and federal special revenue) include:

- A \$66,000 increase in groundwater revenue at the Montana Bureau of Mines
- A \$410,596 increase in motorcycle safety revenue at MSU-Northern to allow the campus to start accounting for this activity in the current unrestricted fund
- Additional federal funds in the student assistance program in the OCHE, totaling \$133,320.

Table 3

Montana University System -- Difference From Executive Budget  
2003 Biennium Legislative Budget

	STATE FUNDS				UNIVERSITY FUNDS			Total Funds
		General	Other State	Total State		Other Univ.	Total Univ.	
	FTE	Fund	Funds	Funds	Tuition	Funds	Funds	
BEGINNING MARTZ EXECUTIVE BUDGET	4,066.46	\$276,432,264	\$118,669,743	\$395,102,007	\$220,116,082	\$17,181,854	\$237,297,936	\$632,399,943
Legislative Changes to Executive Budget:								
New Programs not in Executive Budget								
FSTS - Add 1 trainer and support in FY 02/03	1.47	\$167,425	\$0	\$167,425	\$0	\$0	\$0	\$167,425
AES - Fund Institute for Biobased Products	5.00	400,000	0	400,000	0	0	0	400,000
Flathead Lake Biological Station	0.00	200,000	0	200,000	0	0	0	200,000
Funding Switch/HB 124	0.00	388,176	(388,176)	0	0	0	0	0
Tribal College Assistance Program	0.00	100,000	0	100,000	0	0	0	100,000
ES - Montana Beef Network Tech Transfer position	1.00	180,000	0	180,000	0	0	0	180,000
Subtotal	7.47	\$1,435,601	(\$388,176)	\$1,047,425	\$0	\$0	\$0	\$1,047,425
Increases to Executive Proposals or Existing Programs								
Bureau - Adjust Groundwater funds to match revenue	0.00	\$0	\$66,000	\$66,000	\$0	\$0	\$0	\$66,000
CHE - Add Federal SLEAP funds	0.00	0	133,320	133,320	0	0	0	133,320
MSU campuses - Add water & sewer funding	0.00	88,194	0	88,194	80,138	0	80,138	168,332
AES & ES - Reduce vacancy savings to 1.5%	0.00	607,233	0	607,233	0	0	0	607,233
MSU Northern - Add Motorcycle Funds	0.00	0	410,596	410,596	0	0	0	410,596
AES-Backfill University Funds Projected Shortfall	0.00	312,000	0	312,000	0	0	0	312,000
CC - Increase State Support to 53%	0.00	425,344	0	425,344	0	0	0	425,344
Subtotal	0.00	\$1,432,771	\$609,916	\$2,042,687	\$80,138	\$0	\$80,138	\$2,122,825
Decreases to Executive Proposals or Existing Programs								
Student Financial Assistance (Baker Grants, other)	0.00	(\$1,096,000)	\$0	(\$1,096,000)	\$0	\$0	\$0	(\$1,096,000)
CC - Reduce enrollment projections to 2,030/2,040	0.00	(206,247)	0	(206,247)	0	0	0	(206,247)
Statewide FTE Funding Reduction	0.00	(1,562,363)	0	(1,562,363)	0	0	0	(1,562,363)
Statewide Travel Reduction	0.00	(412,868)	0	(412,868)	0	0	0	(412,868)
Reallocation for other purposes	0.00	(1,353,476)	0	(1,353,476)	0	0	0	(1,353,476)
Other Decreases	0.00	(303,328)	(86)	(303,414)	0	0	0	(303,414)
Subtotal	0.00	(\$4,934,282)	(\$86)	(\$4,934,368)	\$0	\$0	\$0	(\$4,934,368)
Elimination of Executive Proposals or Current Programs								
Academic Program Development	0.00	(\$800,000)	\$0	(\$800,000)	\$0	\$0	\$0	(\$800,000)
Total Changes from Executive Budget	7.47	(\$2,865,909)	\$221,654	(\$2,644,255)	\$80,138	\$0	\$80,138	(\$2,564,117)
TOTAL LEGISLATIVE BUDGET - MUS	4,073.93	\$273,566,355	\$118,891,397	\$392,457,752	\$220,196,220	\$17,181,854	\$237,378,074	\$629,835,826

### Language

Items [OCHE (except community colleges) and the units and COTs] are a single biennial lump-sum appropriation.

University system unit is defined in 17-7-102(13). For all university system units, except the Office of the Commissioner of Higher Education, all funds (other than plant funds appropriated in House Bills No. 5 and 14, relating to long-range building and current unrestricted operating funds) are appropriated contingent on approval of the comprehensive program budget by the Board of Regents by October 1 of each year. For all university system 4-year units and colleges of technology, all funds, other than funds appropriated in House Bills No. 5 and 14 for long-range building programs, are appropriated as a lump sum for the biennium contingent upon approval of the comprehensive program budget by the Board of Regents by October 1 of each year. The Board of Regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditure and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the Board of Regents approves operating budgets, transfers between units may be made only with the approval of the Board of Regents. Transfers and related justifications must be submitted to the Office of Budget and Program Planning and to the Legislative Fiscal Analyst.

Total audit costs of the Office of the Commissioner of Higher Education are estimated to be \$35,514.

All university system units, except the Office of the Commissioner of Higher Education, shall account for expenditures consistently within programs and funds across all units and shall use the standards of accounting and reporting, as described by the National College and University Business Officers, as a minimum for achieving consistency.

The Montana University System, except the Office of the Commissioner of Higher Education and the community colleges, shall allow the Office of Budget and Program Planning and the Legislative Fiscal Division access to the entire university system's Banner Information System, including data warehouses, except:

1. the ability to change data;
2. portions of the Banner Information System that are the property of third parties (such as alumni associations or foundations); and
3. information pertaining to individual students or individual employees that is protected by Article II, Sections 9 and 10, of the Montana Constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g.

Items 1 through 3 in no way limit the power of the Legislative Fiscal Analyst or the budget director to receive and examine copies of any state government information, including confidential records, in accordance with 5-12-303 and 17-1-132.

All financial data recorded in the various funds in Banner must agree with the financial data as recorded on the Statewide Accounting, Budgeting, and Human Resources System (SABHRS), including:

1. all statutory and restricted appropriations must be clearly segregated on SABHRS; and
2. the budgeted personal services for current unrestricted operating funds on Banner must tie to the operating plan for expenditure of funds appropriated in [this act] and other bills, as approved by the Board of Regents.

The Montana University System shall provide the electronic data required to upload human resource data for the current unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved Board of Regents operating budgets.

The decision of the legislature to deny funds for initiatives or budget requests proposed by the Governor and the Board of Regents for the 2003 biennium does not imply an intent to prohibit the Board of Regents from implementing those initiatives unless specifically stated otherwise in [this act].

Item [OCHE -- Administration] includes a reduction in general fund of \$11,255 in fiscal 2002 and \$11,255 in fiscal 2003. This reduction is the equivalent of a 17 percent reduction in fiscal year 2000 base budget travel expenses. The agency may reallocate this reduction in funding among programs when developing 2003 biennium operating plans.

Item [OCHE -- Appropriation Distribution Transfers] includes a reduction of \$779,826 in fiscal 2002 and \$782,537 in fiscal 2003 of general fund. The Board of Regents may reallocate this reduction in funding among university system units as defined in 17-7-102(13) when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	15.40	0.00	0.00	15.40	0.00	0.00	15.40	15.40
Personal Services	925,606	87,357	0	1,012,963	93,731	0	1,019,337	2,032,300
Operating Expenses	261,212	4,873	(14,977)	251,108	(22,057)	(15,012)	224,143	475,251
<b>Total Costs</b>	<b>\$1,186,818</b>	<b>\$92,230</b>	<b>(\$14,977)</b>	<b>\$1,264,071</b>	<b>\$71,674</b>	<b>(\$15,012)</b>	<b>\$1,243,480</b>	<b>\$2,507,551</b>
General Fund	1,186,818	92,230	(14,977)	1,264,071	71,674	(15,012)	1,243,480	2,507,551
State/Other Special	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$1,186,818</b>	<b>\$92,230</b>	<b>(\$14,977)</b>	<b>\$1,264,071</b>	<b>\$71,674</b>	<b>(\$15,012)</b>	<b>\$1,243,480</b>	<b>\$2,507,551</b>

### Program Description

The Administration Program includes the Commissioner of Higher Education as well as personnel to assist the commissioner in implementing the Board of Regents' policies. Article X, Section 9 of the Montana Constitution requires that the Board of Regents appoint the commissioner and prescribes the incumbent's powers and duties. The commissioner and agency personnel are responsible for providing leadership, technical assistance, and staff support to the Board of Regents and to postsecondary education agencies. Duties include:

1. general administration of the university system;
2. academic, financial, and legal administration;
3. labor relations and personnel administration; and
4. student assistance administration.

### Funding

Funding for the operation of this program is entirely general fund.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				129,564					136,203
Vacancy Savings				(29,090)					(29,289)
Inflation/Deflation				390					784
Fixed Costs				10,310					(16,901)
<b>Total Statewide Present Law Adjustments</b>				<b>\$111,174</b>					<b>\$90,797</b>
DP 101 - Administration - PC Replacement	0.00	3,000	0	3,000	0.00	3,000	0	0	3,000
DP 103 - Rent Payments Per Lease Schedule	0.00	10,787	0	10,787	0.00	10,674	0	0	10,674
DP 105 - Administration - Server Maintenance Contract	0.00	1,650	0	1,650	0.00	1,650	0	0	1,650
DP 109 - Spending Personal Services Money in Operations	0.00	(21,221)	0	(21,221)	0.00	(21,221)	0	0	(21,221)
DP 696 - Data Network Fixed Cost Reduction	0.00	(43)	0	(43)	0.00	(43)	0	0	(43)
DP 699 - Vacancy Savings at 4 Percent	0.00	(13,117)	0	(13,117)	0.00	(13,183)	0	0	(13,183)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$18,944)</b>	<b>\$0</b>	<b>(\$18,944)</b>	<b>0.00</b>	<b>(\$19,123)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$19,123)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$92,230</b>					<b>\$71,674</b>

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 101 - Administration - PC Replacement - The legislature included the funds necessary to replace four or five computers, plus peripherals, each year on a three-year replacement schedule. The agency has \$5,171 in its base budget for this purpose, bringing the total funds available for computer replacement to \$8,171 annually.

DP 103 - Rent Payments Per Lease Schedule - The legislature added general fund each year in reflection of scheduled lease payments.

DP 105 - Administration - Server Maintenance Contract - The legislature included funds for increased computer maintenance costs.

DP 109 - Spending Personal Services Money in Operations - The legislature reduced operating expenses by \$21,221 annually as the agency used vacancy savings (unused personal services) to fund increased operating expenses.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 693 - Travel Reduction										
01	0.00	(11,255)	0	0	(11,255)	0.00	(11,255)	0	0	(11,255)
DP 956 - Reallocation of General Fund for Baker Grants										
01	0.00	(3,722)	0	0	(3,722)	0.00	(3,757)	0	0	(3,757)
<b>Total</b>	<b>0.00</b>	<b>(\$14,977)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$14,977)</b>	<b>0.00</b>	<b>(\$15,012)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,012)</b>

**New Proposals**

DP 693 - Travel Reduction - The legislature made a reduction in general fund each year equivalent to 17 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this program, with the allowance that the agency could reallocate this reduction among programs when developing 2003 biennium operating plans.

DP 956 - Reallocation of General Fund for Baker Grants - The legislature reallocated general fund in several university system programs to increase Baker Grants in the Student Assistance Program.

**Language**

Item [OCHE -- Administration] includes a reduction in general fund of \$11,255 in fiscal 2002 and \$11,255 in fiscal 2003. This reduction is the equivalent of a 17 percent reduction in fiscal 2000 base budget travel expenses. The agency may reallocate this reduction in funding among programs when developing 2003 biennium operating plans.

Total audit costs of the Office of the Commissioner of Higher Education are estimated to be \$35,514.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0	0
Local Assistance	85,000	14,000	0	99,000	18,000	0	103,000	202,000
Grants	7,368,922	530,999	452,000	8,351,921	704,817	452,000	8,525,739	16,877,660
<b>Total Costs</b>	<b>\$7,453,922</b>	<b>\$544,999</b>	<b>\$452,000</b>	<b>\$8,450,921</b>	<b>\$722,817</b>	<b>\$452,000</b>	<b>\$8,628,739</b>	<b>\$17,079,660</b>
General Fund	7,383,508	463,882	452,000	8,299,390	641,700	452,000	8,477,208	16,776,598
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	70,414	81,117	0	151,531	81,117	0	151,531	303,062
<b>Total Funds</b>	<b>\$7,453,922</b>	<b>\$544,999</b>	<b>\$452,000</b>	<b>\$8,450,921</b>	<b>\$722,817</b>	<b>\$452,000</b>	<b>\$8,628,739</b>	<b>\$17,079,660</b>

### Program Description

Title 20, Chapter 26 of the Montana Codes Annotated requires the Commissioner of Higher Education to administer the Resident Student Financial Assistance Program in consultation with the program advisory council authorized by law.

The Student Assistance Program includes three kinds of aid for Montana students

- Grants and loans
- State Work Study
- Interstate agreements and state support to provide medical-education opportunities for Montana students in out-of-state schools

### Program Narrative

Table 4 presents an overview of the student assistance programs for the 2001 and 2003 biennia. The legislature provided a 10.8 percent increase in the Student Assistance Program in the 2003 biennium from the 2001 biennium, driven largely by additional state funds authorized for Baker Grants (state funded student assistance grants).

Table 4  
Student Assistance Program  
Fiscal 2000 through 2003

Program	Actual FY 2000	Op Plan FY 2001	HB 2 FY 2002	HB 2 FY 2003	Biennial % Change
<b>Student Aid Programs</b>					
LEAP (former SSIG)	\$299,835	\$314,292	\$380,952	\$380,952	24.1%
SEOG	463,500	448,470	471,762	475,666	3.9%
Perkins Loans	186,288	213,806	186,288	186,288	-6.9%
Baker Grants/MTAP	1,683,367	1,696,821	1,582,871	1,582,871	-6.3%
Baker Grants-New Proposal	<u>0</u>	<u>0</u>	<u>452,000</u>	<u>452,000</u>	<u>n/a</u>
Subtotal	<u>\$2,632,990</u>	<u>\$2,673,389</u>	<u>\$3,073,873</u>	<u>\$3,077,777</u>	<u>15.9%</u>
State Work Study	<u>\$808,915</u>	<u>\$803,610</u>	<u>\$848,034</u>	<u>\$879,955</u>	<u>7.2%</u>
<b>Interstate Assistance</b>					
WICHE Dues	\$85,000	\$88,000	\$99,000	\$103,000	16.8%
WICHE Assistance	1,341,201	1,467,400	1,550,134	1,583,367	11.6%
WWAMI	2,600,512	2,731,920	2,757,480	2,857,440	5.3%
Minnesota Dentistry	<u>85,800</u>	<u>102,900</u>	<u>122,400</u>	<u>127,200</u>	<u>32.3%</u>
Subtotal	<u>\$4,112,513</u>	<u>\$4,390,220</u>	<u>\$4,529,014</u>	<u>\$4,671,007</u>	<u>8.2%</u>
Total Costs	<u>\$7,554,418</u>	<u>\$7,867,219</u>	<u>\$8,450,921</u>	<u>\$8,628,739</u>	<u>10.8%</u>
<b>Funding</b>					
General Fund	\$7,383,508	\$7,670,227	\$8,299,390	\$8,477,208	11.4%
Interest Earnings*	100,496	112,121	0	0	-100.0%
Federal (LEAP)	<u>70,414</u>	<u>84,871</u>	<u>151,531</u>	<u>151,531</u>	<u>95.2%</u>
Total Funds	<u>\$7,554,418</u>	<u>\$7,867,219</u>	<u>\$8,450,921</u>	<u>\$8,628,739</u>	<u>10.8%</u>
*"Excess" interest earned on current unrestricted funds. These funds are appropriated to the university system in HB 2 language.					

General fund for interstate student assistance is further detailed in Table 5, which shows the number of student slots by profession and the cost of each.

Table 5  
Interstate Student Assistance Programs  
2003 Biennium

Program	Fiscal 2002				Fiscal 2003			
	Cost per Slot	New Students	Continuing Students	Total Cost	Cost per Slot	New Students	Continuing Students	Total Cost
WICHE - Administrative Dues				\$99,000				\$103,000
Medicine	\$22,800	6	20	\$592,800	\$22,800	6	18	\$547,200
Dentistry (2)	15,300	1	5	96,900	15,900	1	4	84,800
Optometry	9,900	1	5	59,400	10,300	1	4	51,500
Public Health (3)	5,600	1	1	9,334	5,800	1	2	15,467
Osteopathic Medicine	14,600	2	1	43,800	15,100	1	3	60,400
Veterinary	21,700	9	24	716,100	22,600	9	26	791,000
Occupational Therapy (1)	8,100	1	1	21,600	8,400	1	1	22,400
Podiatry	10,200	<u>1</u>	<u>0</u>	<u>10,200</u>	10,600	<u>0</u>	<u>1</u>	<u>10,600</u>
SUBTOTAL		22	57	\$1,649,134		20	59	\$1,686,367
Minnesota Dentistry	\$15,300	2	6	\$122,400	\$15,900	2	6	\$127,200
WWAMI Medicine (4,5)	45,958	<u>20</u>	<u>60</u>	<u>2,757,480</u>	47,624	<u>20</u>	<u>60</u>	<u>2,857,440</u>
TOTAL		<u>44</u>	<u>123</u>	<u>\$4,529,014</u>		<u>42</u>	<u>125</u>	<u>\$4,671,007</u>

(1) Rates for all continuing occupational therapy students are calculated at 1 2/3 the annual support fee to include support for two required clinical rotations (\$13,500 FY 02 and \$14,000 FY 03)

(2) One (1) dental student is enrolled in a three-year accelerated dental program. Therefore, support is calculated at 1 1/3 the annual support fee each year over a period of three years rather than the normal four year duration (\$20,400 FY 02; \$21,200 FY 03)

(3) One (1) public health student is enrolled in an extended degree program. Therefore, support is calculated at 2/3 the annual support fee each year over a period of three years rather than the standard two year program (\$3,734 FY 02; \$3,867 FY 03)

(4) The WWAMI support fee is calculated as an average per continuing student. Actual support varies by program year.

(5) No additional cost for first year WWAMI students because they attend school at Bozeman

### Funding

Funding for student assistance programs is included in the lump sum appropriation for the Montana University System. Student assistance programs are funded by the state general fund and federal funds. General fund matches federal funds at varying amounts for the Leveraging Educational Assistance Partnership (LEAP), Supplemental Educational Opportunity Grant (SEOG), and Perkins Loan programs. In the 2003 biennium, general fund supports 100 percent of the Baker Grants.

The State Work Study program shown on Table 4 is 100 percent general fund. However, this cost represents only 70 percent of the program cost; the employer provides the remaining 30 percent match, plus any applicable student benefits.

The Interstate Assistance program is 100 percent general fund.



Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
DP 203 - WICHE/WWAMI/Min. Dentistry Increased Costs										
0.00	416,501	0	0	416,501		0.00	558,494	0	0	558,494
DP 204 - Student Aid Inc. Due to Enroll Growth and Match										
0.00	47,381	0	81,117	128,498		0.00	83,206	0	81,117	164,323
Total Other Present Law Adjustments										
0.00	\$463,882	\$0	\$81,117	\$544,999		0.00	\$641,700	\$0	\$81,117	\$722,817
Grand Total All Present Law Adjustments				\$544,999		\$722,817				

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 203 - WICHE/WWAMI/Min. Dentistry Increased Costs - The legislature authorized general fund increases to cover inflationary increases in the program support costs and to fully fund 147 slots in various medical fields each year of the 2003 biennium.

DP 204 - Student Aid Inc. Due to Enroll Growth and Match - The legislature provided additional funds to the student aid program due to anticipated enrollment increases, changes in state-administered federal student aid funds, and the resulting state match.

New Proposals										
Fiscal 2002						Fiscal 2003				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 955 - Increase Baker Grants										
02	0.00	452,000	0	0	452,000	0.00	452,000	0	0	452,000
Total	0.00	\$452,000	\$0	\$0	\$452,000	0.00	\$452,000	\$0	\$0	\$452,000

### New Proposals

DP 955 - Increase Baker Grants - The legislature increased state funding for Baker Grants by \$904,000 in the 2003 biennium. Combined with the present law biennial base of \$3.2 million, the total state funds appropriated for the Baker Grants in the 2003 biennium total \$4.1 million.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	3,551	(3,551)	0	0	(3,551)	0	0	0
Operating Expenses	13,591	0	0	13,591	0	0	13,591	27,182
Grants	199,153	100,000	0	299,153	100,000	0	299,153	598,306
<b>Total Costs</b>	<b>\$216,295</b>	<b>\$96,449</b>	<b>\$0</b>	<b>\$312,744</b>	<b>\$96,449</b>	<b>\$0</b>	<b>\$312,744</b>	<b>\$625,488</b>
Federal Special	216,295	96,449	0	312,744	96,449	0	312,744	625,488
<b>Total Funds</b>	<b>\$216,295</b>	<b>\$96,449</b>	<b>\$0</b>	<b>\$312,744</b>	<b>\$96,449</b>	<b>\$0</b>	<b>\$312,744</b>	<b>\$625,488</b>

### Program Description

The Dwight D. Eisenhower Math and Science Education Act of 1988 provides funds geared to helping mathematics and science teachers upgrade their teaching skills. Grants are awarded on a competitive basis to Montana's institutions of higher education.

### Funding

Funding is entirely from federal sources.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(3,551)					(3,551)
<b>Total Statewide Present Law Adjustments</b>				<b>(\$3,551)</b>					<b>(\$3,551)</b>
DP 301 - Increase Based on Federal Grant and Carryover									
0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
<b>Total Other Present Law Adjustments</b>									
0.00	\$0	\$0	\$100,000	\$100,000	0.00	\$0	\$0	\$100,000	\$100,000
<b>Grand Total All Present Law Adjustments</b>				<b>\$96,449</b>					<b>\$96,449</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 301 - Increase Based on Federal Grant and Carryover - The legislature increased federal spending authority in this program in reflection of the anticipated amount of federal funds to become available for grant expenditures during the 2003 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0	0
Local Assistance	5,204,315	285,147	196,206	5,685,668	278,241	196,990	5,679,546	11,365,214
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$5,204,315</b>	<b>\$285,147</b>	<b>\$196,206</b>	<b>\$5,685,668</b>	<b>\$278,241</b>	<b>\$196,990</b>	<b>\$5,679,546</b>	<b>\$11,365,214</b>
General Fund	5,204,315	285,147	196,206	5,685,668	278,241	196,990	5,679,546	11,365,214
<b>Total Funds</b>	<b>\$5,204,315</b>	<b>\$285,147</b>	<b>\$196,206</b>	<b>\$5,685,668</b>	<b>\$278,241</b>	<b>\$196,990</b>	<b>\$5,679,546</b>	<b>\$11,365,214</b>

### Program Description

The Community College Assistance Program distributes funds appropriated by the legislature for the support of Montana's three community colleges - Miles Community College, Dawson Community College, and Flathead Valley Community College. Each community college district has an elected board of trustees accountable to and supervised by the Board of Regents in budget and program matters. The local board controls the administration of each college.

### Program Narrative

The legislature authorized a 9.3 percent increase in fiscal 2002 from the fiscal 2000 base expenditure level and a 0.1 percent decrease from fiscal 2002 to fiscal 2003. The increase from the base is attributable to the legislature authorizing an increase in the state's share of costs from 51 percent to 53 percent and to using enrollment projections that exceed the number enrolled in the base year. The decrease between fiscal 2002 and 2003 is due to the biennial audit expense being included in fiscal 2002.

When compared to the 2001 biennium, the 2003 biennium budget increases 3.3 percent, excluding pay plan increases in the 2003 biennium.

### Funding

The legislature provides state funds to community colleges based upon a three-factor formula:

1. resident full-time equivalent (FTE) student enrollment;
2. cost per student FTE; and
3. percent state support.

The projected resident FTE enrollment is multiplied by the cost per student FTE and the percent state support to derive the state appropriation. Legislative audit costs are added to the calculated per-student costs. In addition, the legislature reallocated a portion of the community college state appropriation to the Baker Grants in the Student Assistance Program.

### Enrollment

The 1999 legislature established the 2001 biennium budget using, in hindsight, significantly overstated resident student FTE enrollment estimates. Actual enrollment in the 2001 biennium continued the recent downward enrollment trend reported by the community colleges and was approximately 9 percent less than the budgeted enrollment. As a result, the community colleges reverted approximately \$1.0 million to the state general fund in the 2001 biennium.

For the 2003 biennium, the Executive Budget recommended the community college budget use enrollment projections that anticipated an increase of 4.6 percent from the 2001 biennium. The legislature ultimately adopted an enrollment projection that represents a 2.6 percent increase from the 2001 biennium. The legislature also included language that requires a general fund reversion if budgeted enrollments are not achieved.



Table 6 presents an historical perspective of actual resident student FTE enrollment at the community colleges and budgeted enrollment used by the legislature for the 2003 biennium.

College	Actual Fiscal 1994	Actual Fiscal 1995	Actual Fiscal 1996	Actual Fiscal 1997	Actual Fiscal 1998	Actual Fiscal 1999	Actual Fiscal 2000	Budgeted Fiscal 2001	Estimated(1) Fiscal 2001	Legislative Budget (2) Fiscal 2002	Legislative Budget (2) Fiscal 2003
Dawson	476.6	466.8	410.0	350.2	436.9	419.5	384.3	440.0	355.7	391.4	393.3
Flathead Valley	1130.7	1125.4	1129.0	1123.9	1147.6	1180.5	1157.3	1200.0	1122.8	1178.6	1184.4
Miles	552.7	500.8	510.0	523.8	508.0	446.6	451.8	540.0	494.4	460.0	462.3
Totals	<u>2159.9</u>	<u>2092.9</u>	<u>2049.0</u>	<u>1997.9</u>	<u>2092.5</u>	<u>2046.6</u>	<u>1993.3</u>	<u>2180.0</u>	<u>1972.9</u>	<u>2030.0</u>	<u>2040.0</u>
Annual % Change		-3.1%	-2.1%	-2.5%	4.7%	-2.2%	-2.6%		-1.0%	2.9%	0.5%

(1) Estimated FY 2001 FTE from OCHE  
(2) Prorated based on Fiscal 2000 actual enrollment

### State Support

The legislature increased state support for the community colleges from 51 percent to 53 percent of the calculated cost per student FTE of \$5,267. The remaining 47 percent of general operating costs for the community colleges comes primarily from local property taxes and tuition.

### Other Adjustments

In a move to balance the priorities of the legislature with resources available, the legislature reduced several university system budgets, including the community colleges, to reallocate funds to the Baker Grants in the Student Assistance Program in the Office of the Commissioner of Higher Education. The community college share of this reallocation totaled \$32,146 in the 2003 biennium.

### Formula Calculations

Table 7 shows the calculation of the 2003 biennium budget approved by the 57th Legislature.

Legislative Budget	Fiscal Year 2002					Fiscal Year 2003					Biennium Total
	Projected FTE	Total \$ Per FTE	State %	State \$ Per FTE	Legislative Budget	Projected FTE	Total \$ Per FTE	State %	State \$ Per FTE	Legislative Budget	
Dawson Community College	391.0	\$5,267	53%	\$2,792	\$1,091,672	393.0	\$5,267	53%	\$2,792	\$1,097,256	\$2,188,928
Flathead Valley Community College	1,179.0	5,267	53%	2,792	3,291,768	1,184.0	5,267	53%	2,792	3,305,728	6,597,496
Miles Community College	460.0	5,267	53%	2,792	<u>1,284,320</u>	463.0	5,267	53%	2,792	<u>1,292,696</u>	<u>2,577,016</u>
Formula Calculation					5,667,760					5,695,680	11,363,440
Reallocation for Baker Grants					(16,012)					(16,137)	(32,149)
HB2 Base Line Item					5,651,748					5,679,543	11,331,291
HB2 Audit Line Item		\$64,000	53%		<u>33,920</u>					<u>0</u>	<u>33,920</u>
Total Community Colleges	2,030.0				<u>\$5,685,668</u>	2,040.0				<u>\$5,679,543</u>	<u>\$11,365,211</u>

\*Totals may differ from main table due to rounding

Present Law Adjustments											
-----Fiscal 2002-----						-----Fiscal 2003-----					
	FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Fixed Costs					0						0
<b>Total Statewide Present Law Adjustments</b>					<b>\$0</b>						<b>\$0</b>
DP 401 - Projected Resident College Enrollment Increase	0.00	285,147	0	0	285,147	0.00	278,241	0	0	0	278,241
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$285,147</b>	<b>\$0</b>	<b>\$0</b>	<b>\$285,147</b>	<b>0.00</b>	<b>\$278,241</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$278,241</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$285,147</b>						<b>\$278,241</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 401 - Projected Resident College Enrollment Increase - The legislature increased general fund \$563,388 in the 2003 biennium for increased resident enrollment at the community colleges. The total present law budget is dependent upon: 1) projected resident student FTE of 2,030 in fiscal 2002 and 2,040 in fiscal 2003; 2) the annualized average cost of \$5,273 per student FTE; and 3) the state support rate of 51 percent of total costs.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 955 - Increase State Support for Comm. Colleges to 53%										
04	0.00	212,218	0	0	212,218	0.00	213,127	0	0	213,127
DP 956 - Reallocation of General Fund for Baker Grants										
04	0.00	(16,012)	0	0	(16,012)	0.00	(16,137)	0	0	(16,137)
<b>Total</b>	<b>0.00</b>	<b>\$196,206</b>	<b>\$0</b>	<b>\$0</b>	<b>\$196,206</b>	<b>0.00</b>	<b>\$196,990</b>	<b>\$0</b>	<b>\$0</b>	<b>\$196,990</b>

### New Proposals

DP 955 - Increase State Support for Comm. Colleges to 53% - The legislature increased state support for the community colleges from 51 percent to 53 percent of the total calculated cost per student. The biennial general fund cost of this action was \$425,345.

DP 956 - Reallocation of General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.

### Language

Total audit costs are estimated to be \$64,000 for the community colleges for the biennium. The general fund appropriation for each community college provides 53 percent of the total audit costs in fiscal 2002. The remaining 47 percent of these costs must be paid from funds other than those appropriated in item [Legislative Audit]. Audit costs for the biennium may not exceed \$20,000 each for Dawson and Miles Community Colleges and \$24,000 for Flathead Valley Community College.

Total Summitnet costs are estimated to be \$25,000 each year for the community colleges. The general fund appropriation for the community colleges provides 53 percent of the total Summitnet costs. The remaining 47 percent of these costs

must be paid from funds other than those appropriated in [Community Colleges]. Summitnet costs for each year may not exceed \$8,000 each for Dawson and Miles Community Colleges and \$9,000 for Flathead Valley Community College.

The general fund appropriation in item [Community Colleges] is calculated to fund education in the community colleges for an estimated 2,030 resident FTE students in fiscal 2002 and 2,040 resident FTE students in fiscal 2003. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated number for the biennium, the Commissioner of Higher Education shall revert \$2,792 in general fund to the state for each estimated FTE student who did not enroll.



**Program Description**

The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents policy to administer the program as a self-insured, group insurance plan. All university system employees, retirees, and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits.

**Funding**

This program is an enterprise fund in which the funding is derived from: 1) employer health insurance premiums; 2) employee-paid premiums; 3) employee payments to flexible spending accounts; and 4) interest earnings on the fund.

**Language**

Because certain employee benefit plans require a large number of individual premiums for a variety of benefit options, because the portion of these premiums paid by the state is statutorily established in 2-18-703, and because the employee-paid portion of these premiums must be adjusted from time to time to maintain employee group benefit plans on an actuarially sound basis, the legislature defines rates and fees for Montana University System employee benefit programs to mean the state contribution toward employee group benefits provided for in 2-18-703 and the employee contribution toward employee group benefits necessary to maintain the employee group benefit plans on an actuarially sound basis.

**Rate Explanation**

The legislature includes university system contributions per employee of \$3,900 in fiscal 2002 and \$4,392 in fiscal 2003 reflecting the proposed pay plan. Employee premiums depend on whether the contributor is a current employee, employee dependent, or retiree. Payments to a flexible spending account are at the employee's discretion, subject to a \$10 monthly minimum for those who enroll.

The legislature has defined the rates and fees for Montana University System employee benefit programs to mean the state contribution and the employee contribution toward employee group benefits necessary to maintain the benefit plan on an actuarially sound basis.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	10.95	0.00	9.25	20.20	0.00	9.50	20.45	20.45
Personal Services	385,982	(2,288)	333,944	717,638	(73)	346,584	732,493	1,450,131
Operating Expenses	122,820	440	145,353	268,613	808	221,300	344,928	613,541
Equipment	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	0	0	2,100,000	2,100,000	0	2,145,000	2,145,000	4,245,000
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$508,802</b>	<b>(\$1,848)</b>	<b>\$2,579,297</b>	<b>\$3,086,251</b>	<b>\$735</b>	<b>\$2,712,884</b>	<b>\$3,222,421</b>	<b>\$6,308,672</b>
General Fund	81,995	11,130	(279)	92,846	11,634	(280)	93,349	186,195
Federal Special	426,807	(12,978)	2,579,576	2,993,405	(10,899)	2,713,164	3,129,072	6,122,477
<b>Total Funds</b>	<b>\$508,802</b>	<b>(\$1,848)</b>	<b>\$2,579,297</b>	<b>\$3,086,251</b>	<b>\$735</b>	<b>\$2,712,884</b>	<b>\$3,222,421</b>	<b>\$6,308,672</b>

### Program Description

Talent Search is a federally-funded program designed to provide career and financial aid counseling to low-income, physically handicapped, or culturally deprived students. Objectives include decreasing the high school dropout rate in targeted high schools and increasing the number of disadvantaged students who enroll in Montana's postsecondary institutions.

In 1999, Montana was one of 21 states selected to receive a five-year grant from the U.S. Department of Education for initiation of a GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) program. The purpose of GEAR UP is to help disadvantaged children and youth develop the educational foundation necessary for success in college.

### Funding

The Talent Search Program includes monies from the general fund earmarked for American Indian or minority achievement programming. Additional resources come from federal Talent Search and GEAR UP funds.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				15,236					17,778
Vacancy Savings				(10,549)					(10,627)
Inflation/Deflation				440					808
Fixed Costs				0					0
<b>Total Statewide Present Law Adjustments</b>				<b>\$5,127</b>					<b>\$7,959</b>
DP 699 - Vacancy Savings at 4 Percent									
0.00	(960)	0	(6,015)	(6,975)	0.00	(964)	0	(6,260)	(7,224)
<b>Total Other Present Law Adjustments</b>									
0.00	(\$960)	\$0	(\$6,015)	(\$6,975)	0.00	(\$964)	\$0	(\$6,260)	(\$7,224)
<b>Grand Total All Present Law Adjustments</b>				<b>(\$1,848)</b>					<b>\$735</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 601 - Gear Up Federal Grant										
06	7.00	0	0	2,492,501	2,492,501	7.00	0	0	2,551,864	2,551,864
DP 602 - Academic Specialist - Talent Search										
06	1.00	0	0	39,963	39,963	1.00	0	0	40,135	40,135
DP 603 - Increase Based on Projected Federal Authority										
06	1.25	0	0	47,112	47,112	1.50	0	0	121,165	121,165
DP 956 - Reallocate General Fund for Baker Grants										
06	0.00	(279)	0	0	(279)	0.00	(280)	0	0	(280)
<b>Total</b>	<b>9.25</b>	<b>(\$279)</b>	<b>\$0</b>	<b>\$2,579,576</b>	<b>\$2,579,297</b>	<b>9.50</b>	<b>(\$280)</b>	<b>\$0</b>	<b>\$2,713,164</b>	<b>\$2,712,884</b>

### New Proposals

DP 601 - Gear Up Federal Grant - The legislature authorized additional appropriation authority for GEAR UP, which is funded through a federal grant awarded to Montana in September 1999. The award to the Office of the Commissioner of Higher Education is for an anticipated \$11.8 million over a five-year period. Approximately 84 percent of the funds are proposed for use in providing local grants (\$2.1 million each year). The remainder provides for administrative costs, and includes provisions for 7.0 FTE (full time equivalent employees).

Per the Office of the Commissioner of Higher Education, at least 3,500 Montana children will be served annually. The program will be operated in partnership with communities and school districts throughout Montana, and will focus on schools where the percentage of students who go on to attend college is low. The program begins working with students when they are in the seventh grade. GEAR UP provides mentors who encourage high hopes and aspirations, and who stress the importance of taking rigorous academic courses in order to prepare for college. The program also helps raise awareness relative to the costs of attending college, and makes families aware of the resources available to help them meet those costs.

GEAR UP objectives include improved test scores, increased enrollment in college preparatory classes, school curriculum changes, and increased parental involvement.

DP 602 - Academic Specialist - Talent Search - The legislature added approximately \$40,000 in federal spending authority and includes 1.00 FTE annually. This position is for an academic specialist that was a temporary ("modified") position in fiscal 2000.

DP 603 - Increase Based on Projected Federal Authority - The legislature increased federal spending authority to the Talent Search Program. This reflects the additional federal funds anticipated for expenditure in the 2003 biennium. Federal funds will be used to add 1.25 FTE in fiscal 2002 and 1.50 FTE in fiscal 2003, thus bringing part-time positions currently in the field to full-time status.

DP 956 - Reallocate General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.



Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	4.00	0.00	1.00	5.00	0.00	1.00	5.00	5.00
Personal Services	236,581	(55,685)	44,299	225,195	(54,911)	44,491	226,161	451,356
Operating Expenses	210,677	173	(237)	210,613	131	(236)	210,572	421,185
Grants	2,338,806	119,595	0	2,458,401	181,099	0	2,519,905	4,978,306
Transfers	5,826,327	(875,957)	0	4,950,370	(2,578,458)	0	3,247,869	8,198,239
<b>Total Costs</b>	<b>\$8,612,391</b>	<b>(\$811,874)</b>	<b>\$44,062</b>	<b>\$7,844,579</b>	<b>(\$2,452,139)</b>	<b>\$44,255</b>	<b>\$6,204,507</b>	<b>\$14,049,086</b>
General Fund	76,528	2,457	(237)	78,748	2,454	(236)	78,746	157,494
Federal Special	8,535,863	(814,331)	44,299	7,765,831	(2,454,593)	44,491	6,125,761	13,891,592
<b>Total Funds</b>	<b>\$8,612,391</b>	<b>(\$811,874)</b>	<b>\$44,062</b>	<b>\$7,844,579</b>	<b>(\$2,452,139)</b>	<b>\$44,255</b>	<b>\$6,204,507</b>	<b>\$14,049,086</b>

### Program Description

Carl D. Perkins Vocational Education Act funds support vocational education at the secondary and postsecondary levels. This program also administers federal School-to-Work funds.

The Board of Regents is the state agency responsible for administering the Carl Perkins funds. Their duties include providing technical assistance in the field, managing grants, completing performance reviews, filing an annual performance report, and developing and submitting a state plan for the use of the funds.

- Note: According to SB 393, the Board of Regents must contract with the Superintendent of Public Instruction for administration and supervision of the K-12 vocational education programs.

### Funding

Program administration is funded through a combination of:

- Federal Carl Perkins vocational education administration funds
- The general fund match for the Perkins funds
- Federal School-to-Work funds, which do not require a general fund match

Grants to postsecondary institutions and transfers to OPI (Office of Public Instruction) for grants to secondary institutions are funded by:

- Carl Perkins funds of \$5.5 million in fiscal 2002 and \$5.7 million in fiscal 2003
- School-to-Work funds of \$1.9 million in fiscal 2002 and \$0.1 million in fiscal 2003

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				(48,036)					(47,230)
Vacancy Savings				(5,125)					(5,149)
Inflation/Deflation				130					279
Fixed Costs				43					(148)
<b>Total Statewide Present Law Adjustments</b>				<b>(\$52,988)</b>					<b>(\$52,248)</b>
DP 699 - Vacancy Savings at 4 Percent									
0.00	(1,015)	0	(1,509)	(2,524)	0.00	(1,018)	0	(1,514)	(2,532)
DP 802 - Adjustment Based on Proj. Level of Fed. Grant									
0.00	0	0	(756,362)	(756,362)	0.00	0	0	(2,397,359)	(2,397,359)
<b>Total Other Present Law Adjustments</b>									
0.00	(\$1,015)	\$0	(\$757,871)	(\$758,886)	0.00	(\$1,018)	\$0	(\$2,398,873)	(\$2,399,891)
<b>Grand Total All Present Law Adjustments</b>				<b>(\$811,874)</b>					<b>(\$2,452,139)</b>

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment reduced the state general fund available for the Perkins grant match.

Because this action reduces general fund below the required \$80,000 general fund match, the agency may need to transfer general fund from other programs to fully match the Perkins federal grant.

**DP 802 - Adjustment Based on Proj. Level of Fed. Grant** - The present law adjustment shown in the table above reflects a combination of funding adjustments in the two federal grants administered by this program.

1. The VoEd Basic Grant is projected to increase by \$0.37 million in fiscal 2002 and by \$0.55 million in fiscal 2003 over fiscal 2000 base year expenditures. The additional monies will be used to fund increased grants and administrative costs; and
2. The School to Work grant expires June 30, 2002. The appropriation authority needed for anticipated grants as well as carryover for the 2003 biennium is reduced significantly from fiscal year 2000 base expenditures.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 801 - Carl Perkins - Program Special Position										
08	1.00	0	0	44,299	44,299	1.00	0	0	44,491	44,491
DP 956 - Reallocate General Fund for Baker Grants										
08	0.00	(237)	0	0	(237)	0.00	(236)	0	0	(236)
<b>Total</b>	<b>1.00</b>	<b>(\$237)</b>	<b>\$0</b>	<b>\$44,299</b>	<b>\$44,062</b>	<b>1.00</b>	<b>(\$236)</b>	<b>\$0</b>	<b>\$44,491</b>	<b>\$44,255</b>

**New Proposals**

**DP 801 - Carl Perkins - Program Special Position** - The legislature increased federal Carl Perkins spending authority each year of the 2003 biennium in order to accommodate a 1.0 FTE program specialist. A temporary or "modified" position was created in fiscal 2000; the adjustment by the legislature makes this position permanent.

**DP 956 - Reallocate General Fund for Baker Grants** - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
Transfers	126,084,753	4,899,790	1,614,300	132,598,843	5,526,905	4,074,248	135,685,906	268,284,749
<b>Total Costs</b>	<b>\$126,084,753</b>	<b>\$4,899,790</b>	<b>\$1,614,300</b>	<b>\$132,598,843</b>	<b>\$5,526,905</b>	<b>\$4,074,248</b>	<b>\$135,685,906</b>	<b>\$268,284,749</b>
General Fund	110,517,609	7,440,598	1,808,388	119,766,595	7,833,501	4,268,336	122,619,446	242,386,041
State/Other Special	15,567,144	(2,540,808)	(194,088)	12,832,248	(2,306,596)	(194,088)	13,066,460	25,898,708
<b>Total Funds</b>	<b>\$126,084,753</b>	<b>\$4,899,790</b>	<b>\$1,614,300</b>	<b>\$132,598,843</b>	<b>\$5,526,905</b>	<b>\$4,074,248</b>	<b>\$135,685,906</b>	<b>\$268,284,749</b>

### Program Description

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education (OCHE) includes state appropriated funds intended for distribution to:

- The educational units for general operating budget support, and special programs including
  - o Distance learning activities at the campuses
  - o The Family Practice Residency program at MSU-Bozeman
  - o The Motorcycle Safety Education program at MSU-Northern transferred from the Office of Public Instruction to the Board of Regents by the Fifty-sixth Legislature (Chapter 181, L. 1999)
  - o The Flathead Lake Biological Station
- The research and public service higher education agencies

The state funds appropriated in this program are transferred to the university system units, combined with university funds, and deposited into the current unrestricted operating fund for use in the general operating budget of each unit.

### Funding

The main table above summarizes the transfer of state funds, comprised of general fund and state special funds, such as millage, resource indemnity trust funds, and motorcycle safety funds, from the Office of the Commissioner of Higher Education to educational units and higher education agencies. These funds are included in the line items in HB 2.

University funds, including tuition, interest, proprietary funds, and some federal funds which are collected by each campus and higher education agency, are included in HB 2 language and are not included in the above program main table.

### Total Current Unrestricted Operating Budget

The combined appropriation of state and university funds constitutes the total current unrestricted fund, which is the general operating fund for the university system. The total current unrestricted operating expenditures contained in House Bill 2 line items and language appropriations are portrayed in Table 8, which shows the total base, present law adjustments, new proposals, and total budget for the educational units and higher education agencies as anticipated by the legislature. The allocation between state funds and university funds for current unrestricted operating expenses is also shown in the table.



Table 8  
Montana University System Education Units and Agencies Summary  
House Bill 2 Line Items and Language Appropriations  
2003 Biennium

	State Funds			University Funds			HB 2
	General Fund	Other State Funds	Total State Funds	Tuition	Other Univ. Funds	Total Univ. Funds	Total Funds
Base Budget	\$ 221,035,218	\$ 31,134,288	\$ 252,169,506	\$ 215,779,448	\$ 20,006,752	\$ 235,786,200	\$ 487,955,706
Present Law Adjustments	<u>15,274,099</u>	<u>(4,847,404)</u>	<u>10,426,695</u>	<u>3,371,335</u>	<u>(2,824,907)</u>	<u>546,428</u>	<u>10,973,123</u>
Present Law Budget	\$ 236,309,317	\$ 26,286,884	\$ 262,596,201	\$ 219,150,783	\$ 17,181,845	\$ 236,332,628	\$ 498,928,829
New Proposals	<u>6,076,724</u>	<u>(388,176)</u>	<u>5,688,548</u>	<u>1,045,434</u>	<u>(312,000)</u>	<u>733,434</u>	<u>6,421,982</u>
Total Budget 2003 Biennium	<u>\$ 242,386,041</u>	<u>\$ 25,898,708</u>	<u>\$ 268,284,749</u>	<u>\$ 220,196,217</u>	<u>\$ 16,869,845</u>	<u>\$ 237,066,062</u>	<u>\$ 505,350,811</u>

### *Biennial Comparison*

Table 9 presents a biennial budget comparison for state funds and university funds supporting the university system general operating budget. The legislature appropriated \$268.3 million of state general fund and state special revenue funds in the 2003 biennium for the units and agencies, a \$13.9 million (5.5 percent) increase from the 2001 biennium. University funds of \$237.1 million in the 2003 biennium are appropriated in language, for an approximate 0.2 percent increase from the 2001 biennium.

Table 9  
Montana University System Education Units and Agencies  
HB 2 Biennial Budget Comparisons

	2000-01 Biennium(1)	2002-03 Biennium	Biennium Change	Percent Change
<u>State Funds - HB2 Line Items</u>				
Units and COTs	\$ 221,769,324	\$ 232,675,946	\$ 10,906,622	4.9%
Ag. Experiment Station	17,967,415	20,097,271	2,129,856	11.9%
Extension Service	7,959,610	8,370,017	410,407	5.2%
Bureau of Mines	4,230,015	4,338,428	108,413	2.6%
Forestry & Conservation	1,738,565	1,798,212	59,647	3.4%
Fire Services	720,543	1,004,880	284,337	39.5%
TOTALS	<u>\$ 254,385,472</u>	<u>\$ 268,284,754</u>	<u>\$ 13,899,282</u>	5.5%
<u>Tuition/Interest/Other - HB 2 Language</u>				
Units and COTs	\$ 225,661,165	\$ 226,050,873	\$ 389,708	0.2%
Ag. Experiment Station	6,178,237	6,301,574	123,337	2.0%
Extension Service	4,634,800	4,640,964	6,164	0.1%
Bureau of Mines	86,313	54,620	(31,693)	-36.7%
Forestry & Conservation	9,022	9,846	824	9.1%
Fire Services	8,497	8,194	(303)	-3.6%
TOTALS	<u>\$ 236,578,034</u>	<u>\$ 237,066,071</u>	<u>\$ 488,037</u>	0.2%
<u>Total Funds - HB 2</u>				
Units and COTs	\$ 447,430,489	\$ 458,726,819	\$ 11,296,330	2.5%
Ag. Experiment Station	24,145,652	26,398,845	2,253,193	9.3%
Extension Service	12,594,410	13,010,981	416,571	3.3%
Bureau of Mines	4,316,328	4,393,048	76,720	1.8%
Forestry & Conservation	1,747,587	1,808,058	60,471	3.5%
Fire Services	729,040	1,013,074	284,034	39.0%
TOTALS	<u>\$ 490,963,506</u>	<u>\$ 505,350,825</u>	<u>\$ 14,387,319</u>	2.9%

(1) FY2000 Actual; FY2001 MUS Op Plans/SABHRS Appropriation Transaction Reports

Board of Regents-approved tuition rate increases exceeding the estimate used during the legislative session are not included in Table 9. Refer to the "Education Units Program Narrative" section for more information on the tuition increase.

Present Law Adjustments										
Fiscal 2002						Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Fixed Costs					0	0				
Total Statewide Present Law Adjustments					\$0	\$0				
DP 699 - Vacancy Savings at 4 Percent										
0.00	(640,783)	0	0	(640,783)	0.00	(642,599)	0	0	(642,599)	
DP 900 - Statewide Personal Services, Fixed Cost, Inflation										
0.00	4,451,874	25,766	0	4,477,640	0.00	4,613,182	27,386	0	4,640,568	
DP 903 - AES & FSTS Equipment Replacement										
0.00	230,000	0	0	230,000	0.00	279,000	0	0	279,000	
DP 904 - Campus Water, Sewer, and Garbage Increases										
0.00	97,415	0	0	97,415	0.00	99,942	0	0	99,942	
DP 907 - Resident Enrollment Growth										
0.00	767,567	0	0	767,567	0.00	1,156,135	0	0	1,156,135	
DP 908 - Increased Rate for Recharges to Main Campus										
0.00	20,644	0	0	20,644	0.00	23,399	0	0	23,399	
DP 909 - Fee Waivers - projected resident students										
0.00	150,476	0	0	150,476	0.00	163,839	0	0	163,839	
DP 911 - Adj. Groundwater Funding to Estimate										
0.00	0	(25,766)	0	(25,766)	0.00	0	38,614	0	38,614	
DP 912 - Remove UM Missoula Carry-forward Amount										
0.00	(828,351)	0	0	(828,351)	0.00	(828,351)	0	0	(828,351)	
DP 913 - Boz Sidewalks and Ray Bjork Lease										
0.00	94,767	0	0	94,767	0.00	39,107	0	0	39,107	
DP 914 - Stable funding for N.R.I.S.										
0.00	22,126	0	0	22,126	0.00	22,127	0	0	22,127	
DP 915 - Oper. & Mnt. for New Buildings										
0.00	77,274	0	0	77,274	0.00	77,274	0	0	77,274	
DP 917 - Annualizing the cost of Family Practice Residency										
0.00	45,600	0	0	45,600	0.00	45,600	0	0	45,600	
DP 950 - Reduce Ag Exp Station Vac Savings from 4% to 1.5%										
0.00	205,989	0	0	205,989	0.00	206,846	0	0	206,846	
DP 990 - Motorcycle Safety Education										
0.00	0	205,192	0	205,192	0.00	0	205,404	0	205,404	
Total Other Present Law Adjustments										
0.00	\$4,694,598	\$205,192	\$0	\$4,899,790	0.00	\$5,255,501	\$271,404	\$0	\$5,526,905	
Grand Total All Present Law Adjustments				\$4,899,790	\$5,526,905					

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 699 - Vacancy Savings at 4 Percent** - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. Vacancy savings was not applied to instructional faculty at the university units and colleges of technology.

**DP 900 - Statewide Personal Services, Fixed Cost, Inflation** - This adjustment constitutes the statewide present law adjustments for the units, the colleges of technology and the public service/research agencies. Present law increases are included for annualizing the 2001 biennium payplan, fixed costs, and inflation applied to certain costs. The adjustment includes approximately \$2.7 million vacancy savings each year, of which approximately \$1.5 million each year is general fund savings. The legislature applied additional vacancy savings as recommended by Governor Martz. This adjustment is discussed in decision package 699 earlier in this section. University funds totaling \$4.7 million are also included in HB 2 language for this purpose.

**DP 903 - AES & FSTS Equipment Replacement** - The legislature approved funding for the Agricultural Experiment Station and the Fire Services Training School to acquire additional equipment in the 2003 biennium. The adjustment



includes \$460,000 for the Agricultural Experiment Station to replace old farm implements and \$49,000 for the Fire Services Training School to replace a tractor for the mobile training lab used to train fire fighters in Montana communities.

DP 904 - Campus Water, Sewer, and Garbage Increases - The legislature added \$197,357 of state general fund in the 2003 biennium for expected cost increases in city and county services. University funds will also participate in this cost increase in the amount of \$178,323 in the 2003 biennium.

DP 907 - Resident Enrollment Growth - The legislature appropriated funds for resident student enrollment increases, which are considered a present law adjustment under current budgeting statutes. This adjustment includes general fund and tuition for projected increases in the number of resident students. Funding for enrollment increases is based on an estimated marginal cost per additional FTE student. For the 2003 biennium, the estimated marginal cost is \$4,304 per student. This marginal cost is funded by general fund of \$1,914 and tuition of \$2,390 per resident FTE. The adjustment is based on a projected resident enrollment increase from fiscal 2000 of 401 FTE in fiscal 2002 and 604 FTE in fiscal 2003. Total general fund added in the 2003 biennium is \$1.9 million while the estimated tuition revenue expected from the projected resident FTE growth totals \$2.4 million in the 2003 biennium.

DP 908 - Increased Rate for Recharges to Main Campus - The legislature added \$44,043 general fund in the 2003 biennium to allow for increased recharges at the education agencies to the main campuses. University funds will also participate in this additional cost in the amount of \$21,748 in the 2003 biennium.

DP 909 - Fee Waivers - Projected Resident Students - The legislature authorized \$314,315 general fund in the 2003 biennium to pay 50 percent of the increased cost of resident fee waivers. Tuition will fund the remaining 50 percent of the increased resident fee waiver cost in the 2003 biennium.

DP 911 - Adj. Groundwater Funding to Estimate - The legislature adjusted groundwater funding at the Montana Bureau of Mines and Geology to equal the projected revenue estimate of \$600,000 in fiscal 2002 and \$666,000 in fiscal 2003. The increased revenue in fiscal 2003 results from the statutory distribution change that results when the Resource Indemnity Trust principal balance tops \$100 million and is certified according to law. Revenue projections contained in HJR 2 show that the increased funding available for the Groundwater Assessment Program is anticipated for fiscal 2003.

DP 912 - Remove UM Missoula Carry-forward Amount - The legislature reduced the base year state-funded expenditures at the University of Montana - Missoula by the amount of state funds it transferred from its fiscal 2001 appropriation to fiscal 2000.

DP 913 - Bozeman Sidewalks and Ray Bjork Lease - The legislature added \$78,214 of general fund in the 2003 biennium for increased lease costs at the Helena College of Technology and \$55,660 of general fund in the 2003 biennium for the construction of sidewalks required by the City of Bozeman. University funds totaling \$95,372 are also included in HB 2 language for this purpose.

DP 914 - Stable funding for N.R.I.S. - The legislature added \$44,253 general fund in the 2003 biennium for financial support of the Natural Resources Information System managed by the Montana State Library. A comparable amount of university funds will also participate in this cost increase.

DP 915 - Oper. & Mnt. for New Buildings - The legislature added \$154,548 of general fund in the 2003 biennium for increased operations and maintenance costs for new space at the Renne Library at Montana State University - Bozeman and the Rural Tech Education Center at UM - Western. University funds totaling \$90,158 are also included in HB 2 language for this purpose. The Long Range Planning Joint Appropriations Subcommittee of the Fifty-sixth Legislature reviewed and approved the new space costs included in this present law adjustment.

DP 917 - Annualizing the cost of Family Practice Residency - The Montana Family Practice Residency program mission is to train family physicians to practice in underserved areas of rural Montana. The legislature added \$91,200 general fund in the 2003 biennium to increase the budget to the fiscal 2001 appropriation authorized by the Fifty-sixth Legislature.

DP 950 - Reduce Ag Exp Station Vacancy Savings from 4% to 1.5% - The legislature reduced the vacancy savings for the Agricultural Experiment Station from 4.0 percent to 1.5 percent each year of the 2003 biennium, resulting in a biennial general fund increase of \$412,835.

DP 990 - Motorcycle Safety Education - This adjustment adds \$410,596 of state special revenue motorcycle safety revenue in the 2003 biennium to operate the Motorcycle Safety Education program.

The Fifty-sixth Legislature transferred the Motorcycle Safety Education Program from the Office of Public Instruction to the Board of Regents. Motorcycle endorsement fees and motorcycle registration fees are the primary sources of revenue for this program. In fiscal 2000, the OCHE transferred \$158,144 of motorcycle safety funds to MSU-Northern; these funds were deposited into and accounted for in the current unrestricted designated fund, rather than the current unrestricted operating fund. The legislature approved the executive proposal to record the financial activity of this program in the current unrestricted operating fund beginning in fiscal 2002. With the requested adjustment, the total budgeted amount for the Motorcycle Safety Education program would be \$726,884 in the 2003 biennium.

### **Other Present Law Adjustments**

Non-Resident Enrollment Marginal Cost Reduction - Instructional costs and fee waivers are reduced to reflect the expected cost savings from the decline in non-resident enrollment. Non-resident student FTE is projected to decrease 522 FTE in fiscal 2002 and 796 FTE in fiscal 2003 from the fiscal 2000 level. The biennial cost reduction from this enrollment decline is \$6.4 million, funded 100 percent from tuition.

Other Adjustments - The legislature approved several other adjustments funded from university funds that result in an overall reduction of \$490,800 annually. The main type of adjustment in this category is reconciliation between the state accounting system and the university accounting systems.

Six-Mill Levy Revenue Decrease/General Fund Replacement - The legislature replaced a projected \$5.8 million biennial reduction in the statewide six-mill levy with a like amount of state general fund. There is no overall impact in the total amount of state dollars going to the Montana University System as a result of this adjustment.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 124 - HB 124 Six-Mill Levy Revenue Change										
09	0.00	194,088	(194,088)	0	0	0.00	194,088	(194,088)	0	0
DP 680 - Reallocate funds for Bureau of Mines Travel Expense										
09	0.00	0	0	0	0	0.00	0	0	0	0
DP 681 - Reallocate to Ag. Experiment Station										
09	0.00	0	0	0	0	0.00	0	0	0	0
DP 682 - ES - MT Beef Network/Reduce VS										
09	0.00	0	0	0	0	0.00	0	0	0	0
DP 683 - Flathead Lake Biological Station Incr. Funding										
09	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
DP 691 - Personal Services General Fund Reduction										
09	0.00	(779,826)	0	0	(779,826)	0.00	(782,537)	0	0	(782,537)
DP 901 - Increase State Support Resident St										
09	0.00	2,500,000	0	0	2,500,000	0.00	5,000,000	0	0	5,000,000
DP 910 - Fee Waivers - Resident Students 3% Increase										
09	0.00	99,801	0	0	99,801	0.00	203,441	0	0	203,441
DP 951 - AES - Institute for Biobased Products										
09	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 952 - FSTS-Add1 New Trainer and Support Staff in 2003 B										
09	0.00	102,009	0	0	102,009	0.00	65,416	0	0	65,416
DP 955 - Travel Reduction and Reallocation										
09	0.00	(204,782)	0	0	(204,782)	0.00	(204,782)	0	0	(204,782)
DP 956 - Reallocate General Fund for Baker Grants										
09	0.00	(303,101)	0	0	(303,101)	0.00	(303,849)	0	0	(303,849)
DP 962 - Reduction from Martz Budget Lump Sum										
09	0.00	(99,801)	0	0	(99,801)	0.00	(203,441)	0	0	(203,441)
<b>Total</b>	<b>0.00</b>	<b>\$1,808,388</b>	<b>(\$194,088)</b>	<b>\$0</b>	<b>\$1,614,300</b>	<b>0.00</b>	<b>\$4,268,336</b>	<b>(\$194,088)</b>	<b>\$0</b>	<b>\$4,074,248</b>

### New Proposals

DP 124 - HB 124 Six-Mill Levy Revenue Change - HB 124 passed by the legislature redirected the deposit of motor vehicle fees from non-levy property tax revenue to the state general fund. The amount impacting the statewide six-mill levy account is estimated to be \$194,088 each year of the 2003 biennium. Accordingly, the six-mill levy revenue used to fund the university units and colleges of technology was reduced \$194,088 each year of the 2003 biennium with a commensurate increase in the state general fund appropriation.

DP 680 - Reallocate funds for Bureau of Mines Travel Expense - The legislature reallocated \$9,603 general fund each year of the 2003 biennium from the university units and colleges of technology base funding to the Montana Bureau of Mines and Geology to restore travel expenditures reduced in the legislative process.

DP 681 - Reallocate to Ag. Experiment Station - The legislature reallocated \$312,000 general fund in the 2003 biennium from the base funding for university units and colleges of technology to the Montana Agricultural Experiment Station to replace declining revenues from university proprietary and federal funds. University funds totaling \$312,000 were reduced in HB 2 language to reflect the projected reduced level of university funds in the 2003 biennium.

DP 682 - ES - MT Beef Network/Reduce VS - The legislature reallocated \$374,398 general fund in the 2003 biennium from the university units and colleges of technology to the Montana Extension Service to reduce vacancy savings from 4 percent to 1.5 percent (\$194,398) and to establish a one-time-only appropriation for a "technology-transfer" position in the Montana Beef Network program in the Extension Service (\$180,000).

DP 683 - Flathead Lake Biological Station Incr. Funding - The legislature added \$200,000 general fund in the 2003 biennium for increased funding for the Flathead Lake Biological Station. This appropriation was designated as a restricted, biennial, one-time-only line item appropriation and is not included in the lump sum appropriation.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of one percent of authorized FTE. No FTE were reduced.



DP 901 - Increase State Support Resident St - The legislature added \$7.5 million general fund over the 2003 biennium to increase state support at the university units and colleges by \$100 per resident student in fiscal 2002 and an additional \$100 per resident student in fiscal 2003. The additional funds will be used for a wide range of needs, including operating budgets, library and student services, information technology investment, physical plant maintenance, and capital equipment. This appropriation was line itemed.

DP 910 - Fee Waivers - Resident Students 3% Increase - The legislature added \$303,242 general fund in the 2003 biennium to pay 50 percent of the increased cost of resident fee waivers due to estimated 3 percent per year tuition rate increases in the 2003 biennium. Tuition will fund the remaining 50 percent of the increased resident fee waiver costs in the 2003 biennium. If tuition rates are increased more than the estimated 3 percent per year, the additional fee waiver costs, beyond the 3 percent rate increase, would be funded entirely from tuition.

DP 951 - AES - Institute for Biobased Products - The legislature added \$400,000 general fund in the 2003 biennium as a line item for the formation of the Institute for Biobased Products and Food Science at the Agricultural Experiment Station. In addition, HB 2 language was added that requires the Agricultural Experiment Station to obtain \$140,000 in private, non-public funds each fiscal year for this new program prior to spending any of the general fund appropriation.

The Institute will provide the educational and research conduit for collaborative programs to address issues such as biobased product/value-added alternative crops, value-added meats, food safety, risk assessment, and product development. The Institute will provide expertise to producers and agriculture-based industry, as well as training seminars and short courses. The funding authorized by the legislature will be used to acquire additional personnel resources in the areas of food science, food safety, risk assessment, and value-added livestock, including genetics and diseases.

DP 952 - FSTS-Add1New Trainer and Support Staff in 2003 Biennium - The legislature authorized the addition of one new fire trainer (1.22 FTE faculty) and support staff (.25 FTE) for the Fire Services Training School at a biennial general fund cost of \$167,425.

DP 955 - Travel Reduction and Reallocation - The legislature reduced the general fund portion of in-state, out-of-state, and foreign travel at the university units, colleges of technology, and research and public service agencies by an average of 15 percent for a general fund savings of \$409,564 in the 2003 biennium. This savings was reallocated to help fund the cost of increasing state support of the community colleges from 51 percent to 53 percent and increasing Baker Grants in the student assistance program.

DP 956 - Reallocate General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.

DP 962 - Reduction from Martz Budget Lump Sum - The legislature reduced the proposed lump sum appropriation for the educational units by \$303,242 general fund for the 2003 biennium.

### **Montana University System Education Units**

The following pages discuss legislative action in regard to the education units, including the four-year campuses and the colleges of technology. Table 10 summarizes the HB 2 current unrestricted operating budget for the education units for the 2003 biennium. Pay plan costs are not included in this table.

Table 10  
Total Current Unrestricted Operating Budget - HB 2  
Montana University System Units & Colleges  
2003 Biennium Legislative Budget

Program/Unit	Base Budget FY 2000	Total Adjustments FY 2002	Legislative Budget FY 2002	Total Adjustments FY 2003	Legislative Budget FY 2003
<b>EDUCATION UNITS</b>					
UM-Missoula (1)	\$79,860,093	\$1,748,343	\$81,608,436	\$1,786,168	\$81,646,261
UM-MT Tech	14,835,101	346,481	15,181,582	379,499	15,214,600
UM-Western	6,660,693	246,115	6,906,808	269,368	6,930,061
UM-Helena COT	3,315,846	159,370	3,475,216	170,731	3,486,577
MSU-Bozeman	78,266,069	2,102,705	80,368,774	2,191,367	80,457,436
MSU-Billings	23,017,788	1,023,961	24,041,749	1,010,823	24,028,611
MSU-Northern	9,999,264	325,587	10,324,851	279,000	10,278,264
MSU-Gt Falls COT	4,246,874	226,584	4,473,458	220,965	4,467,839
Distance Learning	200,000	0	200,000	0	200,000
Family Practice Residency	295,600	45,600	341,200	45,600	341,200
Motorcycle Safety	158,144	205,192	363,336	205,404	363,548
<b>Systemwide Present Law Adjustments:</b>					
Resident Enrollment Growth		1,725,957	1,725,957	2,599,695	2,599,695
Nonresident Student Decrease		(2,513,952)	(2,513,952)	(3,838,352)	(3,838,352)
Resident Student Fee Waivers		300,953	300,953	327,678	327,678
Stable Funding for NRIS		44,252	44,252	44,254	44,254
<b>Systemwide New Proposals:</b>					
Systemwide FTE Funding Reduction		(779,826)	(779,826)	(782,537)	(782,537)
Increased State Support \$100/\$200		2,500,000	2,500,000	5,000,000	5,000,000
Reallocation to Higher Ed Areas		(656,008)	(656,008)	(656,546)	(656,546)
Other Adjustments (see NP table)		303,917	303,917	407,527	407,527
<b>TOTAL COSTS</b>	<b>\$220,855,472</b>	<b>\$7,355,231</b>	<b>\$228,210,703</b>	<b>\$9,660,644</b>	<b>\$230,516,116</b>
<b>FUNDING</b>					
State Appropriated Funds					
General Fund	\$95,071,276	\$7,558,974	\$102,630,250	\$10,341,712	\$105,412,988
Six-Mill Levy	14,809,000	(2,940,088)	11,868,912	(2,772,088)	12,036,912
Other State Special	158,144	205,192	363,336	205,404	363,548
Subtotal State Funds	<u>\$110,038,420</u>	<u>\$4,824,078</u>	<u>\$114,862,498</u>	<u>\$7,775,028</u>	<u>\$117,813,448</u>
Percent of Total	49.8%		50.3%		51.1%
University Funds					
Tuition & Fees	\$107,889,724	\$2,531,153	\$110,420,877	\$1,885,616	109,775,340
Interest Earnings	1,913,590	0	1,913,590	0	1,913,590
Other	<u>1,013,738</u>	<u>0</u>	<u>1,013,738</u>	<u>0</u>	<u>1,013,738</u>
Subtotal University Funds	<u>\$110,817,052</u>	<u>\$2,531,153</u>	<u>\$113,348,205</u>	<u>\$1,885,616</u>	<u>\$112,702,668</u>
Percent of Total	50.2%		49.7%		48.9%
<b>TOTAL CUO FUNDS (2)</b>	<b>\$220,855,472</b>	<b>\$7,355,231</b>	<b>\$228,210,703</b>	<b>\$9,660,644</b>	<b>\$230,516,116</b>

**Education Units Program Narrative**

The legislative budget for the Montana University System education units:

- Funds an approximate \$100 per resident student increase in state support in fiscal 2002 and an additional \$100 per resident student increase in fiscal 2003
- Anticipates an increase in resident students and a decrease in non-resident students
- Replaces declining six-mill levy revenue with general fund
- Assumes an approximate annual two percent tuition rate increase in the 2003 biennium, before pay plan increases
- Reallocates state funds from the education units to expand programs in the research and public service agencies
- Results in state funds contributing 50.3 percent of the fiscal 2002 budget and 51.1 percent of the fiscal 2003 budget before pay plan increases

The legislative budget increases 3.3 percent from the fiscal 2000 base to fiscal 2002 and an additional 1.0 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from state funds (4.4 percent) and from university funds (2.3 percent). On a biennial comparison basis, the state funds budget increases 9.2 percent and the total funds budget increases 6.9 percent when pay plan is included.

See the Appropriation Distribution Program's "Present Law Adjustment" and "New Proposal" sections earlier in the Legislative Fiscal Report 2003 Biennium for a description of the present law adjustments and new proposals relating to the education units.

***Student Enrollment***

Resident full-time equivalent (FTE) student enrollment is projected to increase 1.6 percent from the fiscal 2000 base to fiscal 2002 and an additional 0.8 percent from fiscal 2002 to fiscal 2003. Conversely, non-resident FTE student enrollment is projected to decline 7.8 percent from fiscal 2000 to fiscal 2002 and an additional 4.3 percent from fiscal 2002 to fiscal 2003. Table 11 below presents an historical perspective of resident and non-resident FTE student enrollment at the university units and colleges of technology.



Table 11  
Resident & Non-Resident FTE Student Enrollment  
Fiscal 1998 - Fiscal 2003

Unit	Actual FY 1998	Actual FY 1999	Actual FY 2000	Prelim. FY 2001	Leg. Est. FY 2002	Leg. Est. FY 2003
<u>6 Units - Resident FTE</u>						
UM-Missoula	7,022	7,187	7,256	7,401	7,102	7,083
MSU-Bozeman	7,490	7,601	7,627	7,740	7,690	7,636
UM-MT Tech	1,397	1,384	1,411	1,386	1,439	1,454
MSU-Billings	3,207	3,100	3,126	3,106	3,348	3,458
MSU-Northern	1,401	1,411	1,362	1,336	1,340	1,343
UM-Dillon	922	843	867	880	884	893
Subtotal	21,439	21,526	21,649	21,849	21,803	21,867
<u>6 Units-Non Resident</u>						
UM-Missoula	3,429	3,352	3,258	3,172	2,928	2,772
MSU-Bozeman	2,719	2,774	2,775	2,672	2,610	2,513
UM-MT Tech	259	258	272	272	233	218
MSU Billings	194	236	245	255	246	246
MSU-Northern	89	90	89	82	92	86
UM-Dillon	110	127	142	147	144	145
Subtotal	6,800	6,837	6,781	6,600	6,253	5,980
Total 6 Units	28,239	28,363	28,430	28,449	28,056	27,847
<u>Colleges of Technology Resident</u>						
Billings	454	478	477	445	575	635
Butte	339	326	302	278	308	311
Great Falls	703	745	760	816	811	834
Helena	649	652	686	706	771	817
Missoula	740	708	729	743	736	743
Subtotal	2,885	2,909	2,954	2,988	3,201	3,340
<u>Colleges of Technology Non-Resident</u>						
Billings	18	29	32	27	29	28
Butte	15	8	8	6	8	7
Great Falls	2	5	6	12	15	18
Helena	15	12	18	15	15	15
Missoula	55	57	47	54	50	48
Subtotal	105	111	111	114	117	116
Total COT	2,990	3,020	3,065	3,102	3,318	3,456
Total Enrollment	31,229	31,383	31,495	31,551	31,374	31,303
Resident Enrollment	24,324	24,435	24,603	24,837	25,004	25,207
Non-resident Enrollment	6,905	6,948	6,892	6,714	6,370	6,096
Total Enrollment	31,229	31,383	31,495	31,551	31,374	31,303

The marginal costs associated with resident FTE student enrollment increases, including instruction, fee waivers, and some student services, are funded by state funds and tuition. This marginal cost is defined on a per FTE student basis. For the 2003 biennium, the marginal cost is estimated to be \$4,304 for resident students and \$4,816 for non-resident students. In each year of the 2003 biennium, the legislature appropriated \$1,914 state general fund for each projected resident FTE student above the actual resident FTE student reported for the base year. The remaining \$2,390 per resident FTE student is funded from tuition. The legislature included language in HB 2 requiring a general fund reversion of \$1,914 for each resident student FTE budgeted but not realized in the 2003 biennium. Marginal costs (or savings) associated with non-resident FTE fluctuations are borne 100 percent by non-resident tuition.

*Tuition*

The Board of Regents, with its constitutionally-granted capacity of governing the university system and managing its resources and operations, has the ultimate responsibility and authority for setting tuition rates and fees at the state's public university units and colleges of technology. During the development of the Executive Budget and legislative budget deliberations, both the Governor and the legislature expect the university system to participate in budget increases authorized by the legislature, such as statewide and other present law adjustments, new proposals, and pay plan costs.

As noted earlier, considering just HB 2, the legislature assumed tuition rates would increase approximately two percent each year of the 2003 biennium. When the 2003 pay plan costs are added, tuition rates would increase approximately 5.6 percent annually.

At its May 2001 meeting, the Board of Regents authorized annual tuition rate increases of 5 percent at the colleges of technology and lower division courses at UM-Western and MSU-Northern and 13 percent at all other campuses. The increases are \$39.1 million over present tuition levels or \$24.6 million in excess of the tuition estimates included in HB 2 and the pay plan bill. The additional tuition revenue will be used for the items listed under "Board of Regents Approved Adjustments" on Table 12 below. A brief description of each item follows the table.

Item	HB 2	HB 13	Board of Regents	Total Projected Tuition
2001 Biennium Base Tuition Revenue	\$215,779,448	\$0	\$0	\$215,779,448
2003 Biennium Present Law Revenue Adjustment	0	0	(384,355)	(384,355)
Net Present Law Tuition Revenue	<u>\$215,779,448</u>	<u>\$0</u>	<u>(\$384,355)</u>	<u>\$215,395,093</u>
Expenditure Adjustments:				
2003 Biennium Present Law Adjust. and New Proposals	\$4,416,769	\$0	\$0	\$4,416,769
2003 Biennium Pay Plan Increase	-	10,137,554	-	10,137,554
Board of Regents Approved Adjustments:				
Quality Enhancements to be Monitored by Board of Regents*			4,359,050	4,359,050
Anticipated Utility Costs in Excess of HB 2 & 3 Approp.	-	-	4,087,823	4,087,823
Anticipated Employee Termination Costs	-	-	3,625,502	3,625,502
Replace General Fund Reductions/Reallocations in HB 2	-	-	3,469,911	3,469,911
Fee Waiver Cost due to Tuition Rate Increase not in HB 2	-	-	3,099,663	3,099,663
Est. Impact of Reducing State GF % of 2001 B Pay Plan	-	-	2,921,207	2,921,207
Other Adjustments**	0	0	3,022,910	3,022,910
Total Adjustments	<u>\$4,416,769</u>	<u>\$10,137,554</u>	<u>\$24,586,066</u>	<u>\$39,140,389</u>
Total Projected Tuition Revenue	<u>\$220,196,217</u>	<u>\$10,137,554</u>	<u>\$24,201,711</u>	<u>\$254,535,482</u>

\* Calculated as remainder from tuition rate increase less all other adjustments. This amount is tentative as the fiscal 2003 tuition rate increase is subject to re-review by the Board of Regents in Spring 2002.

\*\*Includes library inflation, increased Banner costs, and a one-time increase to replace course fees.

Quality Enhancements to be Monitored by Board of Regents

The Board of Regents approved a tuition rate increase that exceeded the recommendation of the Commissioner of Higher Education to allow for quality improvements. The board requested the university system periodically report on the use of the additional authorized tuition.

The amount shown for this purpose in Table 12 is tentative because the Board of Regents is going to re-evaluate the fiscal 2003 tuition rate increase in spring 2002. Additionally, actual enrollment may be greater than or smaller than projected enrollment and will impact projected tuition revenue accordingly.

#### Anticipated Utility Costs in Excess of HB 2 and HB 3 Appropriations

The Montana University System requested additional general fund for actual and anticipated \$8.1 million in utility costs in excess of the 2001 and 2003 biennia utility budgets. The legislature provided \$1.2 million for the 2001 biennium shortfall in House Bill 3. The legislature also reserved \$3.2 million general fund for all state agencies' needs due to higher utility costs in the 2003 biennium.

Approximately \$4.1 million of the tuition rate increase was identified for higher-than-budgeted utility costs.

#### Employee Termination Costs

The Montana University System requested an additional \$3.6 million general fund for anticipated employee termination costs in the 2003 biennium. Termination costs are not included in the Executive Budget and are typically not budgeted by the legislature. The legislature denied the university system request for the additional funds.

#### Replace General Fund Reductions/Reallocations

The legislature made general fund reductions and reallocated general fund from the education units to other areas of higher education. A portion of the Board of Regents tuition rate increase is to fund the general fund reductions and reallocations made by the legislature.

#### Fee Waiver Cost due to Tuition Rate Increase not in HB 2

Fee waiver costs reflect the prevailing tuition rate. As tuition rates increase, fee waiver costs increase. The additional fee waiver costs shown in Table 12 reflect the board-approved tuition increase in excess of the fee waiver tuition-related new proposal included in HB 2.

#### Estimated Impact of Reducing State General Fund Percentage of 2001 Biennium Pay Plan

When a biennial budget is developed, one of the major costs of all state agencies is the annualization of the prior biennium's pay plan costs. This is accomplished by adding the cost of the current biennium's second year pay plan increase to the base year. The adjustment appears in the new biennium budget proposal as one of the statewide present law adjustments.

The 1999 legislature funded 2001 biennium pay increases for the university system with approximately 63 percent general fund and 37 percent tuition. The Executive Budget funded the 2003 biennium statewide present law adjustments with approximately 51 percent general fund and 49 percent tuition. This funding change increased tuition requirements and decreased general fund requirements by \$2.9 million in the 2003 biennium. The university system requested additional general fund to address this issue. The legislature adopted the statewide present law adjustments as funded in the Executive Budget and denied the university system request for the additional funds.

#### Other Adjustments

The Montana University System is funding budget increases in other areas with tuition, including inflationary increases for library books and periodicals (\$2.0 million), increased Banner support costs (\$0.8 million), and a one-time increase to cover course fees previously charged separately (\$0.3 million).

#### *Biennium Budget Comparison*

Table 13 presents the biennial budget comparison for the education units that includes the 2003 pay plan and the projected additional tuition revenue resulting from the Board of Regents action authorizing the increase. As shown on Table 13, total funds will increase 12 percent for the education units in the 2003 biennium, funded largely from the tuition increase.



Table 13  
Montana University System Education Units  
2001 and 2003 Biennium Budget Comparison

	2001 Biennium Base (1)	2003 Biennium HB 2 & 13	2003 Biennium Regents' Tuition (2)	2003 Biennium Total	\$ Biennial Change	% Biennial Change
<b>Biennial Budgets</b>						
State Funds	\$ 221,769,324	\$ 242,138,276	\$ -	\$ 242,138,276	\$ 20,368,952	9.2%
University Funds	225,661,165	236,188,426	24,201,711	260,390,137	34,728,972	15.4%
<b>Total</b>	<b>\$ 447,430,489</b>	<b>\$ 478,326,702</b>	<b>\$ 24,201,711</b>	<b>\$ 502,528,413</b>	<b>\$ 55,097,924</b>	<b>12.3%</b>
<b>Percent of Total</b>						
State Funds	49.6%			48.2%		
University Funds	50.4%			51.8%		
<b>Total</b>	<b>100.0%</b>			<b>100.0%</b>		

(1) FY 2000 actual plus FY 2001 MUS Op Plans/SABHRS Appropriation Transaction Reports.

(2) Projected tuition revenue from Board of Regents tuition rate increase that is in addition to the tuition estimate included in HB 2 & 13.

State funds, including general fund and state special revenue, are budgeted to increase 9.2 percent in the 2003 biennium from the 2001 biennium. At the same time, university funds, primarily tuition, are projected to increase 15.4 percent.

In the 2001 biennium, state funds contributed 49.6 percent of education units budgets; in the 2003 biennium, state funds are projected to contribute 48.2 percent. This percentage reduction is attributable to tuition revenue funding a larger share of the budget increases.

### Education Units Language

Item [Increase State Support \$100 per Resident Student per Year] is intended by the legislature to be used to increase state support for resident student FTE at the university units each year of the 2003 biennium.

The general fund and millage appropriation in item [Appropriation Distribution] is calculated to fund education in the 4-year units and the colleges of technology for an estimated 25,004 resident FTE students in fiscal 2002 and 25,207 resident FTE students in fiscal 2003. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students without a state general fund contribution. If actual resident student enrollment is less than the estimated number for the biennium, the Commissioner of Higher Education shall revert \$1,914 in general fund to the state for each estimated FTE student who did not enroll.

Revenue appropriated to the Montana University System units and colleges of technology includes: (1) state special revenue from interest earnings of \$1,913,590 each year of the 2003 biennium; (2) tuition revenue of \$110,421,986 in fiscal 2002 and \$109,776,960 in fiscal 2003; and (3) other revenue of \$1,013,738 each year of the 2003 biennium. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in item [Appropriation Distribution].

Item [OCHE and University Units Lump-Sum] includes \$428,660 in each year of the biennium that must be transferred to the State Energy Conservation Program account and used to retire the general obligation bonds sold to fund energy improvements through the State Energy Conservation Program. The costs of this transfer in each year of the biennium are: University of Montana-Missoula, \$201,100; Montana Tech of the University of Montana, \$28,000; Montana State University-Northern, \$97,000; Montana State University-Billings, \$91,800; and Western Montana College of the University of Montana, \$10,760.

Total audit costs are estimated to be \$681,092 for the university system other than the Office of the Commissioner of Higher Education. Each unit shall pay a percentage of these costs from funds other than those appropriated in item [Legislative Audit Costs].

Item [Appropriation Distribution] includes a total of \$44,253 of general fund for the 2003 biennium for the Montana Natural Resources Information System (NRIS). The Montana University System shall pay an additional \$44,253 for the 2003 biennium in current funds in support of NRIS. Quarterly payments must be made upon receipt of the bills from the State Library, up to the total amount appropriated.

Item [OCHE -- Appropriation Distribution Transfers] includes a reduction of \$779,826 in fiscal 2002 and \$782,537 in fiscal 2003 of general fund. The Board of Regents may reallocate this reduction in funding among university system units as defined in 17-7-102(13), MCA, when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Agricultural Experiment Station								
	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Legis. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Legis. Budget Fiscal 2003	Biennial Budget Fiscal 02-03
FTE	239.56		5.00	244.56		5.00	244.56	244.56
Personal Services	10,038,201	781,666	200,000	11,019,867	831,626	200,000	11,069,827	22,089,694
Operating Costs	1,727,890	28,576	3,736	1,760,202	28,071	3,736	1,759,697	3,519,899
Equipment	162,728	230,000	0	392,728	230,000	0	392,728	785,456
Debt Service	1,898	0	0	1,898	0	0	1,898	3,796
<b>Total Costs</b>	<b>\$11,930,717</b>	<b>\$1,040,242</b>	<b>\$203,736</b>	<b>\$13,174,695</b>	<b>\$1,089,697</b>	<b>\$203,736</b>	<b>\$13,224,150</b>	<b>\$26,398,845</b>
State Funds								
General Fund	8,875,976	808,245	346,239	10,030,460	844,596	346,239	10,066,811	20,097,271
Subtotal State Funds	8,875,976	808,245	346,239	10,030,460	844,596	346,239	10,066,811	20,097,271
University Funds								
Federal Funds	2,003,119	108,598	(89,348)	2,022,369	116,728	(89,348)	2,030,499	4,052,868
Sales & Service	874,228	117,166	(53,767)	937,627	121,674	(53,767)	942,135	1,879,762
Interest and Other	177,394	6,233	612	184,239	6,699	612	184,705	368,944
Subtotal University Funds	3,054,741	231,997	(142,503)	3,144,235	245,101	(142,503)	3,157,339	6,301,574
<b>Total Current Unrestricted Operating Fund</b>	<b>\$11,930,717</b>	<b>\$1,040,242</b>	<b>\$203,736</b>	<b>\$13,174,695</b>	<b>\$1,089,697</b>	<b>\$203,736</b>	<b>\$13,224,150</b>	<b>\$26,398,845</b>

### Program Description

The Montana Agricultural Experiment Station was established at Montana State University-Bozeman by the legislature in 1893 under Hatch Act authorization enacted by the U.S. Congress. The station is the agricultural research component of the land-grant university's three-part mission of teaching, research, and service.

The Fort Keogh Livestock and Range Research Laboratory at Miles City is a cooperative program of the U.S. Department of Agriculture, Agricultural Research Service, and the state through the Montana Agricultural Experiment Station. The purpose of the laboratory is to improve efficiency of livestock production from rangeland resources.

### Program Narrative

The legislative budget increases 10.4 percent from the fiscal 2000 base year to fiscal 2002 and an additional .4 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from general fund (11.3 percent) and from university funds (8.0 percent). On a biennial comparison basis, the general fund budget increases 18.5 percent and the total funds budget increases 14.3 percent when pay plan is included.

The budget increases are primarily due to statewide present law adjustments and two other adjustments:

- Reduction of vacancy savings from 4 percent assessed most other state agencies to 1.5 percent, a biennial budget increase of \$0.4 million general fund
- State support for a new research program, the Institute for Biobased Products and Food Science, totaling \$400,000 general fund in the 2003 biennium

Language was included in HB 2 requiring the Agricultural Experiment Station to collect \$140,000 of private, non-public money each year of the 2003 biennium for the purpose of supporting the institute.

See the Appropriation Distribution Program's "Present Law Adjustment" and "New Proposal" section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.



**Funding**

In addition to state general fund, the Montana Agricultural Experiment Station is funded from other current unrestricted funds, including: 1) federal Hatch Act and regional research funds; 2) sales and service revenue; and 3) interest and other revenue. Federal funds are awarded by formula for federally approved research projects.

**Language**

Revenue appropriated to the Agricultural Experiment Station includes: 1) state special revenue from interest earnings and other revenue of \$184,239 in fiscal 2002 and \$184,705 in fiscal 2003; 2) federal revenue of \$2,022,369 in fiscal 2002 and \$2,030,499 in fiscal 2003; and 3) proprietary revenue from sales of \$937,627 in fiscal 2002 and \$942,135 in fiscal 2003. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item [Agricultural Experiment Station].

The general fund in item [Institute for Biobased Products and Food Science] is appropriated with the condition that, prior to the expenditure of the general fund, the Montana Agricultural Experiment Station collects \$140,000 of private, nonpublic money each year of the 2003 biennium for the purpose of supporting the Institute for Biobased Products and Food Science.

Extension Service								
	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Legis. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Legis. Budget Fiscal 2003	Biennial Budget Fiscal 02-03
FTE	121.35	0.00	0.00	121.35	0.00	0.00	121.35	121.35
Personal Services	5,546,186	168,210	187,304	5,901,700	188,676	187,094	5,921,956	11,823,656
Operating Costs	574,606	19,158	(14,540)	579,224	24,177	(14,540)	584,243	1,163,467
Equipment	12,012	(83)	0	11,929	(83)	0	11,929	23,858
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$6,132,804</b>	<b>\$187,285</b>	<b>\$172,764</b>	<b>\$6,492,853</b>	<b>\$212,770</b>	<b>\$172,554</b>	<b>\$6,518,128</b>	<b>\$13,010,981</b>
State Funds								
General Fund	3,897,593	106,668	172,764	4,177,025	122,845	172,554	4,192,992	8,370,017
Subtotal State Funds	3,897,593	106,668	172,764	4,177,025	122,845	172,554	4,192,992	8,370,017
University Funds								
Federal Funds	2,183,039	85,889	0	2,268,928	95,026	0	2,278,065	4,546,993
Interest and Other	52,172	(5,272)	0	46,900	(5,101)	0	47,071	93,971
Subtotal University Funds	2,235,211	80,617	0	2,315,828	89,925	0	2,325,136	4,640,963
<b>Total Current Unrestricted Operating Fund</b>	<b>\$6,132,804</b>	<b>\$187,285</b>	<b>\$172,764</b>	<b>\$6,492,853</b>	<b>\$212,770</b>	<b>\$172,554</b>	<b>\$6,518,128</b>	<b>\$13,010,980</b>

### Program Description

The Extension Service was established in 1914 as a result of the federal Smith-Lever Act. The Extension Service mission is disseminating and encouraging practical use of research about agricultural production and marketing, family and consumer science, and human resource development. It serves 54 of the 56 counties through 52 county extension offices. The central operations are housed on the Bozeman campus. Background materials for its educational efforts are developed by faculty at the Extension Service, the Agricultural Experiment Station, and Montana State University departments from available research information.

### Program Narrative

The legislative budget increases 5.9 percent from the fiscal 2000 base year to fiscal 2002 and an additional .4 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from general fund (7.2 percent) and from university funds (3.6 percent). On a biennial comparison basis, the general fund budget increases 13.2 percent and the total funds budget increases 8.4 percent when pay plan is included.

The budget increases are primarily due to statewide present law adjustments and two other adjustments:

- Reduction of vacancy savings from 4 percent assessed most other state agencies to 1.5 percent, a biennial budget increase of \$0.2 million general fund
- State support for a "tech transfer" position associated with the Montana Beef Network, a biennial budget increase of \$0.2 million general fund

See the Appropriation Distribution Program's "Present Law Adjustment" and "New Proposal" section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

### Funding

The general operating budget of the Extension Service is funded from general fund in HB 2 line items, federal Smith-Lever Act funds in HB 2 language, and interest earnings and other revenue in HB 2 language.

**Language**

Revenue appropriated to the Extension Service includes: 1) state special revenue from interest earnings of \$46,892 in fiscal 2002 and \$47,070 in fiscal 2003; and 2) federal revenue of \$2,268,928 in fiscal 2002 and \$2,278,065 in fiscal 2003. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item [Extension Service].



Forestry & Conservation Experiment Station								
	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Legis. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Legis. Budget Fiscal 2003	Biennial Budget Fiscal 02-03
FTE	13.44	0.00	0.00	13.44	0.00	0.00	13.44	13.44
Personal Services	711,094	41,305	0	752,399	44,427	0	755,521	1,507,920
Operating Coses	151,449	1,048	(2,545)	149,952	1,282	(2,545)	150,186	300,138
Equipment	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$862,543</b>	<b>\$42,353</b>	<b>(\$2,545)</b>	<b>\$902,351</b>	<b>\$45,709</b>	<b>(\$2,545)</b>	<b>\$905,707</b>	<b>\$1,808,058</b>
State Funds								
General Fund	858,444	41,529	(2,545)	897,428	44,885	(2,545)	900,784	1,798,212
Subtotal State Funds	858,444	41,529	(2,545)	897,428	44,885	(2,545)	900,784	1,798,212
University Funds								
Interest and Other	4,099	824	0	4,923	824	0	4,923	9,846
Subtotal University Funds	4,099	824	0	4,923	824	0	4,923	9,846
<b>Total Current Unrestricted Operating Fund</b>	<b>\$862,543</b>	<b>\$42,353</b>	<b>(\$2,545)</b>	<b>\$902,351</b>	<b>\$45,709</b>	<b>(\$2,545)</b>	<b>\$905,707</b>	<b>\$1,808,058</b>

### Program Description

The Montana Forestry and Conservation Experiment Station was established by the legislature in 1937 as a non-profit organization for the scientific investigation of natural resource problems. The station, which is established in 20-25-241, MCA and directed by the Dean of the School of Forestry, is the research unit of the University of Montana School of Forestry. Purposes of the program include studying forestland resources, timber, and relationships between forests and water, pasturage, and recreation. Research is conducted at Lubrecht Experimental Forest and at other locations in Montana in cooperation with private, state, and federal agencies.

### Program Narrative

The legislative budget increases 4.6 percent from the fiscal 2000 base year to fiscal 2002 and an additional .4 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from general fund (4.5 percent) and from university funds (20.1 percent). On a biennial comparison basis, the general fund budget increases 7.9 percent and the total funds budget increases 8.0 percent when pay plan is included.

See the Appropriation Distribution Program's "Present Law Adjustment" and "New Proposal" section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

### Funding

The general operating funds of the Forestry and Conservation Experiment Station come from the general fund as appropriated in HB 2 as well as interest on university funds and other revenue appropriated in HB 2 language.

### Language

Interest revenue of \$4,923 in each year of the 2003 biennium is appropriated to the Forestry and Conservation Experiment Station for current unrestricted operating expenses. This amount is in addition to that shown in item [Forestry and Conservation Experiment Station].

Bureau of Mines	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Legis. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Legis. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	34.16	0.00	0.00	34.16	0.00	0.00	34.16	34.16
Personal Services	1,604,895	55,650	0	1,660,545	119,922	0	1,724,817	3,385,362
Operating Expenses	478,322	8,015	0	486,337	14,557	0	492,879	979,216
Equipment	14,066		0	14,066		0	14,066	28,132
Debt Service	169		0	169		0	169	338
<b>Total Costs</b>	<b>\$2,097,452</b>	<b>\$63,665</b>	<b>\$0</b>	<b>\$2,161,117</b>	<b>\$134,479</b>	<b>\$0</b>	<b>\$2,231,931</b>	<b>\$4,393,048</b>
State Funds								
General Fund	1,470,263	63,544	0	1,533,807	68,358	0	1,538,621	3,072,428
RIT allocation	600,000	0	0	600,000	66,000	0	666,000	1,266,000
Subtotal State Funds	2,070,263	63,544	0	2,133,807	134,358	0	2,204,621	4,338,428
University Funds								
Sales & Service	27,189	121	0	27,310	121	0	27,310	54,620
Subtotal University Funds	27,189	121	0	27,310	121	0	27,310	54,620
<b>Total Current Unrestricted Operating Fund</b>	<b>\$2,097,452</b>	<b>\$63,665</b>	<b>\$0</b>	<b>\$2,161,117</b>	<b>\$134,479</b>	<b>\$0</b>	<b>\$2,231,931</b>	<b>\$4,393,048</b>

### Program Description

The Bureau of Mines and Geology is a public service and research agency stationed at Montana Tech of the University of Montana in Butte. It disseminates information through publications and replies to individual inquiries. Work includes field and laboratory study and compilation of statistics on all mineral resources, metallic and nonmetallic minerals, fuels, and groundwater in Montana.

### Program Narrative

The legislative budget increases 2.3 percent from the fiscal 2000 base year to fiscal 2002 and an additional 3.3 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from state funds (see "Funding" section below) (2.6 percent) and from university funds (0.4 percent). The fiscal 2003 increase is attributable to an increase in resource indemnity trust (RIT) funds statutorily allocated to the bureau. On a biennial comparison basis, the state funds budget increases 5.6 percent and the total funds budget increases 4.8 percent when pay plan is included.

See the Appropriation Distribution Program's "Present Law Adjustment" and "New Proposal" section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

### Funding

The general operating budget of the Bureau of Mines and Geology is funded from three sources: 1) general fund; 2) RIT funds for the Groundwater Assessment program; and 3) revenue from the sale of maps and publications. State general fund and RIT funds are appropriated to the Office of the Commissioner of Higher Education for disbursement to the Bureau of Mines and Geology. Sales revenue is appropriated to the bureau in HB 2 language because funds are collected directly by the higher education agency.

The legislature adjusted groundwater funding at the Bureau of Mines and Geology to equal the projected revenue estimate of \$600,000 in fiscal 2002 and \$666,000 in fiscal 2003. The increased revenue in fiscal 2003 results from the statutory distribution change that results when the Resource Indemnity Trust principal balance tops \$100 million and is certified according to law. Revenue projections contained in HJR 2 show that the increased funding available for the Groundwater Assessment Program is anticipated for fiscal 2003.

**Language**

Proprietary revenue of \$27,310 each year of the 2003 biennium is appropriated to the Bureau of Mines and Geology for current unrestricted operating expenses. This amount is in addition to that shown in item [Bureau of Mines and Geology].



Fire Services Training School	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Biennial Budget Fiscal 02-03
FTE	6.17	0.73	1.47	8.37	0.73	1.47	8.37	8.37
Personal Services	270,202	47,104	52,479	369,785	48,291	52,479	370,972	740,757
Operating Coses	53,339	195	11,599	65,133	(3,779)	11,599	61,159	126,292
Equipment	22,894	7,322	36,593	66,809	56,322	0	79,216	146,025
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$346,435</b>	<b>\$54,621</b>	<b>\$100,671</b>	<b>\$501,727</b>	<b>\$100,834</b>	<b>\$64,078</b>	<b>\$511,347</b>	<b>\$1,013,074</b>
State Funds								
General Fund	344,057	52,902	100,671	497,630	99,115	64,078	507,250	1,004,880
Subtotal State Funds	344,057	52,902	100,671	497,630	99,115	64,078	507,250	1,004,880
University Funds								
Interest and Other	2,378	1,719	0	4,097	1,719	0	4,097	8,194
Subtotal University Funds	2,378	1,719	0	4,097	1,719	0	4,097	8,194
<b>Total Current Unrestricted Operating Fund</b>	<b>\$346,435</b>	<b>\$54,621</b>	<b>\$100,671</b>	<b>\$501,727</b>	<b>\$100,834</b>	<b>\$64,078</b>	<b>\$511,347</b>	<b>\$1,013,074</b>

### Program Description

The Fire Services Training School, authorized in 20-31-102, MCA, and located at the Great Falls College of Technology, organizes, supervises, and coordinates training and education for state fire services personnel in accordance with local needs and the standards established by the Board of Regents. The school: 1) administers and maintains a resource center for use by localities; 2) provides regional, local, and statewide training programs for fire services personnel; 3) develops courses and training materials; 4) maintains a network of unsalaried field instructors; and 5) offers a fire services professional certification program. The school is attached to the Montana Extension Service for administrative purposes.

### Program Narrative

The legislative budget increases 44.8 percent from the fiscal 2000 base year to fiscal 2002 and an additional 1.9 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from general fund (44.6 percent) and from university funds (72.3 percent). On a biennial comparison basis, the general fund budget increases 44.3 percent and the total funds budget increases 43.8 percent when pay plan is included.

The budget increases are primarily due to statewide present law adjustments and legislative authorization for an additional fire trainer and related support staff and operating expenses.

See the Appropriation Distribution Program's "Present Law Adjustment" and "New Proposal" section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

### Funding

The general operating budget of the Fire Services Training School is funded from: 1) general fund appropriated in HB 2; and 2) interest appropriated in HB 2 language.

### Language

Interest revenue of \$4,097 each year of the 2003 biennium is appropriated to the Fire Services Training school for current unrestricted operating expenses. This amount is in addition to that shown in item [Fire Services Training School].

Program Legislative Budget									
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	0	0	100,000	100,000	0	0	0	0	100,000
<b>Total Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>
General Fund	0	0	100,000	100,000	0	0	0	0	100,000
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>

### Program Description

Section 20-25-428, MCA requires the Board of Regents to provide financial assistance to tribally-controlled community colleges for the resident non-beneficiary students enrolled, if the legislature has specifically appropriated funds for that purpose.

### Funding

Funding for this program is from the state general fund.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

New Proposals										
Prgm	Fiscal 2002					Fiscal 2003				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 916 - Non-Beneficiary Students at Tribal Colleges										
11	0.00	100,000	0	0	100,000	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### New Proposals

DP 916 - Non-Beneficiary Students at Tribal Colleges - The legislature line-itemed state support for the tribal colleges that serve non-beneficiary students in the amount of \$100,000 for the 2003 biennium.

The history of this funding is presented below:

- 1997 Biennium - \$1.4 million
- 1999 Biennium - No appropriation
- 2001 Biennium - \$0.8 million

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	43.20	0.00	3.00	46.20	0.00	3.00	46.20	46.20
Personal Services	1,351,898	58,864	98,451	1,509,213	67,838	98,865	1,518,601	3,027,814
Operating Expenses	3,143,991	155,668	4,585,380	7,885,039	158,494	4,789,131	8,091,616	15,976,655
Equipment	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
Benefits & Claims	18,462,439	0	6,812,849	25,275,288	0	9,300,378	27,762,817	53,038,105
Debt Service	3,748	0	0	3,748	0	0	3,748	7,496
<b>Total Costs</b>	<b>\$22,962,076</b>	<b>\$214,532</b>	<b>\$11,496,680</b>	<b>\$34,673,288</b>	<b>\$226,332</b>	<b>\$14,188,374</b>	<b>\$37,376,782</b>	<b>\$72,050,070</b>
Federal Special	22,962,076	214,532	11,496,680	34,673,288	226,332	14,188,374	37,376,782	72,050,070
<b>Total Funds</b>	<b>\$22,962,076</b>	<b>\$214,532</b>	<b>\$11,496,680</b>	<b>\$34,673,288</b>	<b>\$226,332</b>	<b>\$14,188,374</b>	<b>\$37,376,782</b>	<b>\$72,050,070</b>

### Program Description

The Montana Guaranteed Student Loan Program (MGSLP) administers the Federal Family Education Loan Program (FFELP) in Montana. The Federal Family Education Loan Program is a cooperative effort between the federal government and private lenders, through which funds are provided to students for the costs associated with a postsecondary education. MGSLP guarantees loans made by Montana lenders. MGSLP's guarantee makes it feasible for lenders to loan money to students who might otherwise be unable to borrow.

MGSLP's services include application processing, disbursement services, a toll-free customer service phone line, default prevention counseling, claim processing, collection of defaulted student loans and the administration of the Montana High School Honor Scholarship Program.

### Funding

This program is funded with a combination of federal and private revenues from the loan services provided.

Present Law Adjustments									
Fiscal 2002					Fiscal 2003				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				96,959					106,306
Vacancy Savings				(38,793)					(39,073)
Inflation/Deflation				(1,044)					(126)
Fixed Costs				1,755					563
<b>Total Statewide Present Law Adjustments</b>				<b>\$58,877</b>					<b>\$67,670</b>
DP 696 - Data Network Fixed Cost Reduction									
0.00	0	0	(43)	(43)	0.00	0	0	(43)	(43)
DP 699 - Vacancy Savings at 4 Percent									
0.00	0	0	(19,480)	(19,480)	0.00	0	0	(19,573)	(19,573)
DP 1203 - GSL-Increase Service Fees									
0.00	0	0	155,000	155,000	0.00	0	0	158,100	158,100
DP 1208 - GSL - Overtime Pay									
0.00	0	0	20,178	20,178	0.00	0	0	20,178	20,178
<b>Total Other Present Law Adjustments</b>									
0.00	\$0	\$0	\$155,655	\$155,655	0.00	\$0	\$0	\$158,662	\$158,662
<b>Grand Total All Present Law Adjustments</b>				<b>\$214,532</b>					<b>\$226,332</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions



on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1203 - GSL-Increase Service Fees - The legislature added \$155,000 in fiscal 2002 and \$158,100 in fiscal 2003 to the Guaranteed Student Loan Program. This increase covers anticipated cost increases in the agency's contract for professional and administrative services, relative to maintaining the software servicing system and the database for the agency student loan portfolio.

DP 1208 - GSL - Overtime Pay - The legislature restored funds to meet overtime pay expenditures at the level experienced in fiscal 2000.

New Proposals		Fiscal 2002					Fiscal 2003				
Prgm	FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
DP 1201 - GSL-Additional FTE											
12	3.00	0	0	98,451	98,451		3.00	0	0	98,865	98,865
DP 1204 - GSL-Change in Accounting											
12	0.00	0	0	11,148,229	11,148,229		0.00	0	0	13,839,509	13,839,509
DP 1205 - GSL-Default Resolution Funds											
12	0.00	0	0	100,000	100,000		0.00	0	0	100,000	100,000
DP 1206 - GSL Scholarship/Grant Program											
12	0.00	0	0	150,000	150,000		0.00	0	0	150,000	150,000
<b>Total</b>	<b>3.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,496,680</b>	<b>\$11,496,680</b>		<b>3.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,188,374</b>	<b>\$14,188,374</b>

### New Proposals

DP 1201 - GSL-Additional FTE - The legislature approved funding for three new FTE, who would provide additional default reduction services, expand the availability of financial aid services via the Internet, and expand agency scholarship and grant programs to Montana students. Specific positions include one FTE default prevention counselor, one FTE webmaster, and one FTE scholarship coordinator.

DP 1204 - GSL-Change in Accounting - Prior to fiscal 2000, MGSLP recorded the defaulted student loan dollars collected at net value (total dollar amount received less the amount to be remitted to the Department of Education as per federal regulation). The Legislative Auditor has suggested that the accounting method be changed to reflect the gross receipt of funds as revenue, and the amount remitted to the Department of Education as expenditures. As a result, the agency needs the expenditure authority to make this accounting change, which is estimated at \$11.1 million for fiscal 2002 and \$13.8 million for fiscal 2003. This decision package carries no overall fiscal impact.

DP 1205 - GSL-Default Resolution Funds - The legislature added \$100,000 in spending authority to the MGSLP budget annually, in order to provide new default reduction services and activities. Funding comes from interest earned on reserved funds earmarked for transfer to the federal government in September 2002, as required by the federal Balanced Budget Act of 1997.

DP 1206 - GSL Scholarship/Grant Program - The legislature approved the institution of two new scholarship/grant programs funded from the MGSLP agency operating fund:

1. \$50,000 annually for targeted low-income students as part of the state's match for the GEAR UP program (see the Talent Search program narrative); and
2. \$100,000 annually for an agency educational grant/scholarship for approximately 50 low-income Montana residents attending a Montana college or university.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	11,150	0	0	11,150	0	0	11,150	22,300
Operating Expenses	32,612	0	(131)	32,481	0	(131)	32,481	64,962
<b>Total Costs</b>	<b>\$43,762</b>	<b>\$0</b>	<b>(\$131)</b>	<b>\$43,631</b>	<b>\$0</b>	<b>(\$131)</b>	<b>\$43,631</b>	<b>\$87,262</b>
General Fund	43,762	0	(131)	43,631	0	(131)	43,631	87,262
<b>Total Funds</b>	<b>\$43,762</b>	<b>\$0</b>	<b>(\$131)</b>	<b>\$43,631</b>	<b>\$0</b>	<b>(\$131)</b>	<b>\$43,631</b>	<b>\$87,262</b>

### Program Description

The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the university system. In addition, the board supervises and coordinates other public educational institutions as assigned by law.

### Funding

Funding is entirely from the general fund.

Present Law Adjustments										
-----Fiscal 2002-----					-----Fiscal 2003-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				(11,150)					(11,150)	
<b>Total Statewide Present Law Adjustments</b>				<b>(\$11,150)</b>					<b>(\$11,150)</b>	
DP 131 - Regents' Per Diem										
0.00	11,150	0	0	11,150	0.00	11,150	0	0	11,150	
<b>Total Other Present Law Adjustments</b>										
0.00	\$11,150	\$0	\$0	\$11,150	0.00	\$11,150	\$0	\$0	\$11,150	
<b>Grand Total All Present Law Adjustments</b>				<b>\$0</b>					<b>\$0</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 131 - Regents' Per Diem - The legislature funded per diem expenses for Board of Regents members based on actual fiscal 2000 expenditures. Per diem is a zero-based item. The adjustment is made to reestablish the statutorily-required expenditure. Regents are paid \$50 per meeting day plus expenses, as per 20-2-113, MCA.



New Proposals											
Prgm	FTE	Fiscal 2002				Fiscal 2003				FTE	Total Funds
		General	State Special	Federal Special	Total Funds	General	State Special	Federal Special	Total Funds		
DP 956 - Reallocate General Fund for Baker Grants											
13	0.00	(131)	0	0	(131)	0.00	(131)	0	0		(131)
<b>Total</b>	<b>0.00</b>	<b>(\$131)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$131)</b>	<b>0.00</b>	<b>(\$131)</b>	<b>\$0</b>	<b>\$0</b>		<b>(\$131)</b>

### New Proposals

DP 956 - Reallocate General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.

# LONG-RANGE PLANNING

## Section F

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### JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS AND SENATE FINANCE COMMITTEES

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#### -----Agencies-----

Long-Range Building Program  
Treasure State Endowment Program  
Oil Overcharge Program  
State Building Energy Conservation

Resource Indemnity Trust Grant & Loan Programs  
Cultural and Aesthetic Grant Program  
Information Technology Bonds  
Cultural Heritage Initiative

#### -----Committee Members-----

##### House

Representative Matt McCann (Chair)  
Representative Dave Kasten  
Representative Steve Vick

##### Senate

Senator Bob Keenan (Vice-Chair)  
Senator Tom Beck  
Senator John Tester

#### -----Fiscal Division Staff-----

Brian McCullough  
Jon Moe





# LONG-RANGE BUILDING PROGRAM

## PROGRAM DESCRIPTION

In 1963, the legislature enacted the Long-Range Building Program (LRBP) to provide funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program was developed in order to present a single, comprehensive, and prioritized plan for allocating the state's resources for the purpose of capital construction and repair of state-owned facilities. Historically, the LRBP has been funded with a combination of cash accounts and bonding. The various types of cash accounts include state and federal special revenue funds, other funds (such as university and private funds), and the capital projects fund (long-range building program account).

Table 1 summarizes capital project appropriations for each biennium since 1983.

Biennium	Capital Projects Fund	General Fund	Other Funds (3)	Total Cash Projects	G.O. Bonds	Total Cash & Bonded Projects
1983	\$11.700	\$0	\$12.760	\$24.460	\$35.834	\$60.294
1985	10.870	-	15.693	26.563	39.335	65.898
1987	10.518	-	19.202	29.720	8.550	38.270
1989	6.247	-	11.440	17.687	-	17.687
1991	7.515	-	21.556	29.071	3.823	32.894
1993	8.382	1.768	70.052	80.202	48.561 (1)	128.763
1995	3.119	2.600 (2)	30.898	36.617	6.460	43.077
1997 (4)	7.835	-	145.191	153.026	41.865	194.891
1999	9.160	-	69.164	78.324	43.319	121.643
2001	7.515	0.170	107.936	115.621	33.404	149.025
2003 (5)	5.490	-	75.325	80.815	25.025	105.840

(1) The 1993 legislature reduced the prison expansion by \$12.7 million.  
 (2) HB46 diverted cigarette tax revenues from the capital projects fund to a state special revenue fund for the operation of veterans' homes. This \$2.6 million reduction in the capital projects fund was offset by a general fund appropriation.  
 (3) Other funds include non-general fund sources, such as state and federal special revenue funds, private contributions, and miscellaneous "other" funds.  
 (4) Excludes the \$3.5 million general fund appropriation to OPI for state advances and reimbursements for school facilities (HB5). This was not part of the long range building program.  
 (5) Amounts provided for the 2003 biennium are based upon the estimated start dates for design and construction.

## SUMMARY OF LEGISLATIVE ACTION

House Bills 5 and 14 contain the cash and bonding authorizations, respectively, for the long-range building program. The 2001 legislature authorized 64 projects with a total project cost of \$105.8 million. Of this amount \$25.0 million is to be funded with bond proceeds, while \$80.8 million will be funded with cash as follows:

- \$25 million in general obligation bonded projects
- \$5.5 million capital project funds
- \$20.4 million state special revenue
- \$15.8 million federal special revenue
- \$39.1 million "other" funds

Table 2 shows the 2003 biennium legislative authorization by project and fund source.

Project	Program	HB 14 Bonded	Recommendations for HB 5 "Cash" Projects				Project
		Projects	LRBP	State Special	Fed Special	Other Funds	Total
<b>Department of Administration</b>							
Life Safety Projects, Statewide	Cash		\$400,000				\$400,000
Hazardous Material Mitigation Fund	Cash		350,000				350,000
Roofs - Statewide, A&E	Cash		499,000				499,000
Project Litigation Fund	Cash		475,000				475,000
Capitol Complex Land Acquisition, Admin	Cash					400,000	400,000
<b>Department of Corrections</b>							
Construct C. Reception Unit, DOC	Bond	\$5,000,000			\$1,000,000		6,000,000
<b>School for Deaf and Blind</b>							
Facility Improvements, MSD&B	Cash		315,160				315,160
<b>Department of Fish, Wildlife and Parks</b>							
Fishing Access Sites Maintenance	Cash			275,000			275,000
Fishing Access Sites Protection	Cash			600,000	100,000		700,000
Fishing Access Sites Acquisition	Cash			600,000			600,000
Hatchery Maintenance, FWP	Cash			575,000			575,000
Park/Bearpaw Lakes Dam Repair, FWP	Cash			210,000			210,000
Future Fisheries, FWP	Cash			2,010,000			2,010,000
Valier Boat Ramp, FWP	Cash				150,000		150,000
Wildlife Habitat Maintenance, FWP	Cash			750,000			750,000
Habitat Montana, FWP	Cash			4,800,000			4,800,000
Waterfowl Stamp Program, FWP	Cash			342,950			342,950
Upland Game Bird Program, FWP	Cash			1,200,000			1,200,000
Big Horn Sheep Program, FWP	Cash			25,000			25,000
Cultural & Historic Parks, FWP	Cash			1,060,000	150,000		1,210,000
Motorboat Recreation, FWP	Cash			1,039,650	505,000		1,544,650
Federal WB, FWP	Cash				745,000		745,000
State Park Roads	Cash			400,000			400,000
Capitol Complex Grounds Improvements, FWP	Cash					150,000	150,000
Land & Water Conservation Fund (LWCF) Grants, FWP	Cash				2,250,000		2,250,000
Federal Trails Grants, FWP	Cash				1,900,000		1,900,000
Off Highway Vehicles Trails Grants, FWP	Cash			425,000			425,000
Administrative Facility Repair & Maintenance	Cash			764,000			764,000
<b>Department of Justice</b>							
Upgrade Foundations and Boiler, MT							
Law Enforcement Academy	Cash		200,000				200,000
<b>Department of Military Affairs</b>							
Federal Spending Authority, DMA	Cash				1,500,000		1,500,000
Construct New Dillon Armory, DMA	Bond	1,940,000			3,800,000		5,740,000
Construct New Kalispell Armory DMA					3,700,000		3,700,000
<b>Department of Natural Resources</b>							
Expand Unit Office, DNRC Libby	Cash		94,000				94,000
<b>Department of Public Health and Human Services</b>							
Licensure Compliance, Montana Mental Health Nursing Care Center	Cash		524,000				524,000
Montana Veterans Home Improvements, DPHHS	Cash			165,875			165,875
Eastern Montana Veterans Home Improvements, DPHHS	Cash			177,800			177,800

Table 2 (continued)  
Long-Range Building Program - Cash and Bonded Projects  
HB 5 and HB 14 - 2003 Biennium

Project	Program	HB 14 Bonded	Recommendations for HB 5 "Cash" Projects				Project
		Recomm.	LRBP	State Special	Fed Special	Other Funds	Total
<b>Department of Transportation</b>							
Maintenance, Repair & Small Projects, MDT	Cash			2,300,000			2,300,000
Construct Equipment Storage, Buildings, MDT	Cash			2,700,000			2,700,000
<b>Montana University System - Statewide</b>							
Roofs - Statewide, MUS	Cash		426,000				426,000
Master Plan Campuses, MUS	Cash		100,000			150,000	250,000
<b>University of Montana</b>							
Replace Primary Power Distribution System, UM-Dillon	Cash		162,750			59,375	222,125
Heating Plant Steam Dist - Phase, UM-Butte	Cash		438,750			236,250	675,000
Grant Projects, All Campuses, UM	Cash					1,500,000	1,500,000
ADA Code/Deferred Maintenance	Cash					1,000,000	1,000,000
Multi-Media Center, UM Yellow Bay	Cash					1,350,000	1,350,000
Law Building Renovation/Expans.	Cash					5,000,000	5,000,000
School of Journalism Building, UM	Cash					12,000,000	12,000,000
Renovate Chemistry Building	Bond	6,350,000					6,350,000
Chemistry Building Addition/Renovation							
UM-Missoula	Cash					3,200,000	3,200,000
Develop Classroom/Lab Design MSU-COT Billings	Cash		50,000				50,000
<b>Montana State University</b>							
Animal & Range Science Facility, MSU	Cash					5,000,000	5,000,000
Renovate Liberal Arts Life Safety							
Maintenance, MSU-Billings	Bond	3,220,000					3,220,000
Renovate Exterior Linfield Hall & Montana Hall, MSU, Deferred Maint.	Bond	1,450,000					1,450,000
Upgrade HVAC Systems, Cowan Hall, MSU-Northern	Bond	2,173,000					2,173,000
Construct Applied Technology Center, MSU-Northern	Bond	2,000,000				3,000,000	5,000,000
Develop Design to Expand HCOT Helena	Cash		125,000				125,000
Gaines Hall Renovation/Addn MSU - Bozeman	Cash					2,000,000	2,000,000
Install PBS Digital Conversion, MSU Bozeman	Bond	1,892,286				3,059,455	4,951,741
Agricultural Experiment Station, MSU-Bozeman	Bond	1,000,000				1,000,000	2,000,000
<b>Expanded Program</b>							
<b>Department of Administration</b>							
Life Safety Projects Statewide	Cash		300,000				300,000
Hazardous Materials Mitigation, Statewide	Cash		90,000				90,000
Roof Replacement/Repairs, Statewide	Cash		150,000				150,000
<b>Montana Universities and Colleges</b>							
Code Compliance/Deferred maint., All campuses	Cash		550,000				550,000
Develop Design to Expand HCOT-UM	Cash		240,000				240,000
Total Projects Authorized		\$25,025,286	\$5,489,660	\$20,420,275	\$15,800,000	\$39,105,080	\$105,840,301



**Other Legislation***House Bill 124*

The sunset of the Department of Fish, Wildlife and Parks fee in lieu of taxes would not be impacted due to House Bill 132. HB 124 (the "big bill" changing distribution of funds to local governments) would have changed the sunset provision on this fee but due to the coordinating language in HB 124, with HB 132, the HB 124 sunset provision is void.

*House Bill 132*

HB 132 extends the termination date applicable to the allocation and disposition of a percentage of the fee in lieu of tax on motor boats and related to the boating advisory council to June 30, 2006. HB 132 also extends the termination date of allocation and disposition of a percentage of the fee in lieu of tax on motorboats for boating facilities, (applicable to the change in the penalty for the failure to pay the boat fee in lieu of tax and also to state-funded and state-certified county boating safety programs) to June 30, 2006. HB 132 authorizes the use of boat fees to benefit public boating facilities and removes the provision that limits disbursement of collected fees to the region in which the payer's boating activities occur. HB 132 results in an increase in state special revenues available to the Department of Fish, Wildlife and Parks (FWP) in the amount of \$285,000 in FY2003. This increase is reflected in HB 5 funding for the FWP Motorboat Recreation Program. There is also an increase in federal funds of \$428,000 that will be used in the Federal Wallop Breaux Program in FWP which is funded in HB 5.

*Senate Bill 238*

SB 238, which is effective March 1, 2002, increases the nonresident migratory game bird hunting license from \$5 to \$50. This is estimated to generate an additional \$112,950 in FY 2003. The Department of Fish, Wildlife, and Parks will use the funds to expand the waterfowl stamp program for protection and enhancement of wetland habitat with emphasis on partnerships with other agencies and non-government organizations. The \$112,950 is appropriated in HB 5.

**Other Committee Action.**

At the request of the Long Range Planning Committee, the Department of Labor and Industry and the Department of Administration prepared a memo of understanding (MOU) regarding the application of Montana "Little Davis-Bacon Act" wage rates for the construction of public works projects. This memo states in part:

"In future instances where there are questions involving the nature of construction of public works projects and the wage rates applicable thereon, the Department of Labor and Industry, upon request from the Department of Administration, will work cooperatively with the Architecture and Engineering Division to determine which rate or rates apply to the project or projects in question. It is further agreed that this approach will be used on an interim basis until such time as rules can be formally adopted by the Department of Labor and Industry, in concert with the Department of Administration, to formalize this process."

**EXECUTIVE BUDGET COMPARISON**

The 2001 legislature appropriated funds totaling \$105.8 million for capitol projects for the 2003 biennium compared to \$166.7 million included in the Executive Budget. Significant changes to the Executive Budget are described below.

Construct DPHHS Building in Helena

The executive originally recommended \$41 million to fund the construction of the new DPHHS building in Helena. The 2001 legislature accepted the subsequent Executive request to withdraw the proposal from HB 14.

Construct Central Reception Unit

The Executive requested that a new reception facility be constructed at the prison in Deer Lodge for \$8.5 million that would be funded by capitol project funds (CPF) that are received from bond proceeds. The debt service for the bonds is funded by the general fund. The legislature reduced the project to \$6 million, to be funded by \$5 million in CPF and \$1 million from federal sources.

Replace the HVAC, Phase II, Science Complex

The Executive recommended CPF funding of \$3.3 million to replace existing worn out heating, ventilating and air conditioning (HVAC) equipment in the Science Complex at UM-Missoula. The 2001 legislature did not approve this request.

Expand the College of Technology Helena

The Executive recommended the approval of \$5.5 million to expand the UM-COT Helena. The 2001 legislature did not approve this request. Instead the 2001 legislature provided \$365,000 in Long-Range Building Program funds to develop a complete design that could be used for the bid process.

Agricultural Experiment Station

The 2001 legislature provided \$2 million to provide funding for various rehabilitation projects at experiment stations around the state. The funding is provided from \$1 million of CPF and \$1 million from other sources.

Install PBS Digital Conversion, MSU-Bozeman

The Executive recommended this funding in HB 15 through the sale of \$2.5 million in general obligation bonds. The 2001 legislature added this request to HB 14 with \$1.9 million in CPF authority and to HB 5 with \$3.1 million in other funds.

Increase Maintenance Funding

The 2001 legislature increased the funding available in the future by changing how \$665,000 of debt service will be paid. In the past, the debt service for the 1996D, 1997B and 1999C bond issues were funded 100% by the LRBP account. Starting July 1, 2001, \$665,000 of the debt service on these issues will be paid for by the general fund until these bonds are paid off. As a result, each year the 2001 legislature increased the available funding for LRBP projects by \$665,000 per year greater than it otherwise would have been until the bond issues are paid in full.

**Funding***House Bill 5 – Cash Projects*

HB 5 is commonly referred to as the “cash bill” for the LRBP, as it includes projects financed with non-bonded funds, including money from the capital projects fund, long-range building program account state special revenue fund, federal special revenue fund, and other funds (such as university funds, private funds, and capitol land grant funds).

Long-Range Building Capital Projects Fund

Although the LRBP account does not represent the largest portion of funding for capital projects, the revenues allocated to this account represent the only specific commitment of state funds for capital projects. LRBP account revenues include 15.85 percent of cigarette tax revenue, 12 percent of coal severance tax revenue, interest earnings, and supervisory fees paid to the Architecture and Engineering Division (A&E) of the Department of Administration.

The LRBP account also receives some funds from the State Building Energy Conservation Program. Through this program, the state issues general obligation (G.O.) bonds, uses the bond proceeds to pay for energy efficiency improvements, and then uses the resulting energy cost savings to pay the debt service on the bonds. The projects are designed so that the cost savings exceed the bond debt service payments. Excess savings are transferred to the long-range building program.

Table 3 shows the projected fund balance for the LRBP account for the 2003 biennium.

Table 3 Capital Projects Fund-Long-Range Building Program Account Fund Balance Projection 2003 Biennium		
Estimated Beginning Cash Balance (July 1, 2001)		(\$183,548)
Revenues:		
Cigarette Tax *	\$3,551,985	
Coal Severance Tax *	8,121,240	
Interest Earnings	330,792	
Supervisory Fees	365,010	
DEQ Transfer - Energy Savings	<u>287,993</u>	
Total Revenues		<u>12,657,020</u>
Funds Available		12,473,472
Expenditures:		
Operating Costs - A & E Division (Current Request)	(2,322,108)	
Debt Service - 1996D Issue **	(3,583,492)	
Debt Service - 1997B Issue **	(882,862)	
Debt Service - 1999C Issue **	<u>(1,395,618)</u>	
Total Expenditures - Excluding Capital Projects		<u>(8,184,080)</u>
Funds Available For Capital Projects		4,289,392
Funding Proposals		
Capital Construction Program - LRBP Projects Only		<u>(4,319,660)</u>
Estimated Ending Fund Balance		<u>(\$30,268)</u>
* Based upon HJR 2 revenue estimates		
** Coal severance tax portion only		

#### Capitol Land Grant Revenue

Capitol land grant revenues, derived from trust lands designated in the Enabling Act for the state capitol complex, are a source of LRBP funding used for both debt service and payments and capitol projects. HB 5 includes \$400,000 from this funding source for the acquisition of capitol complex land.

Table 4 shows a projected ending fund balance that is based on the update revenue estimates from the Department of Natural Resources and Conservation.

#### House Bill 14 – Bonded Projects

As shown in Table 2, HB 14 contains nine LRBP projects funded, in whole or in part, through the issuance of general obligation bonds. All the debt service is funded from the general fund.

The total new debt service cost to the general fund for these projects during the 2003 biennium is \$.86 million. In addition, \$1.3 million of debt service will be paid from the general fund for debt service rather than the LRBP until the 1996D, 1997B, and 1999C bond issues are paid in full.

Table 4 Capitol Land Grant Revenue and Expenditures Projections for the 2001 Biennium		
	Fiscal 2002	Fiscal 2003
Beginning Available Fund Balance	\$1,618,479	\$1,087,380
<u>Revenues</u>		
Interest and Income	1,050,000	760,000
Funds available	<u>\$2,668,479</u>	<u>\$1,847,380</u>
<u>Expenditures</u>		
Justice Bldg Debt Service	85,514	85,471
Capitol Renovation Debt Service	412,530	410,089
Capitol Land Acquisition		400,000
General Services	933,055	933,055
FWP	150,000	
Total Project Expenditures	<u>1,581,099</u>	<u>1,828,615</u>
Projected Ending Fund Balance	<u>\$1,087,380</u>	<u>\$18,765</u>



The total annual cost of the debt service will not impact the general fund until fiscal year 2005. By this time all projects will be fully designed and construction will be underway and the bonds for all the projects will have been sold. The total annual estimated debt service starting fiscal year 2005 is \$2.1 million for the projects, plus the additional \$0.7 million for the debt service shift from the LRBP account, for a total annual general fund debt service of \$2.8 million.

Table 5 shows general fund debt service obligations for outstanding LRBP/IT bond issues plus the new debt service payments resulting from the projects approved in HB 14. Total estimated general fund debt service for the 2003 biennium is \$39.9 million.

It is important to note that the debt service payments budgeted by the 2001 legislature are estimates. If interest rates and/or bond issuance timelines change, these payments may change as a result. General fund payments will be made from the statutory appropriation for debt service. The timing of payments due is based on information provided by the executive.

## Detailed Project Descriptions

### House Bill 5 – Cash Projects

#### Department of Administration

- Life Safety Projects, Statewide - \$400,000 LRBP Cash – Statewide projects addressing code and safety issues.
- Hazardous Material Mitigation Fund - \$350,000 LRBP Cash – Abate asbestos and other hazardous materials encountered in projects that pose a threat to the environment and people.
- Roof Replacement or Repair – Statewide - \$499,000 LRBP Cash – Repairs and replace roofs on various buildings other than University system buildings statewide.
- Project Litigation Fund - \$475,000 LRBP Cash – This will provide funding for legal fees and other costs associated with litigation on building projects.
- Capitol Complex Land Acquisition - \$400,000 Land Grant Cash - This will provide funds for acquisition of property in and around the capitol complex as it comes on the market.

#### School for Deaf and Blind

- Facility Improvements - \$315,160 LRBP Cash – Install automatic fire suppression system in two buildings, reroof the classroom building, and recarpet a portion of the Academic Building.

#### Department of Fish, Wildlife and Parks

- Fishing Access Site Maintenance - \$275,000 Fishing Access Site Maintenance Fund SSR - This project will provide funds for noxious weed control, general maintenance activities, and streambank stabilization at fishing access sites.
- Fishing Access Sites Protection - \$700,000 Total (\$600,000 General License Account SSR, \$100,000 Federal Walter Breaux Account) - This project will provide for the installation and rehabilitation of basic public use facilities at fishing access sites, including latrines, road repairs, etc.
- Fishing Access Sites Acquisitions - \$600,000 Fishing Access Acquisition Fund SSR. – This program provides funding that enables the department to acquire public interest in lands for angler access to public water ways.
- Hatchery Maintenance - \$ 575,000 General License Account SSR – Project will provide funding for the timely repair and preventive maintenance of the nine state fish hatcheries across the state.

Table 5  
General Fund Debt Service Obligations  
2003 Biennium  
(In Millions)

Fiscal Year	-- New Debt Service --		
	Current Debt Service	LRBP HB 14	Total
2001	\$18.909	\$0.000	\$18.909
2002	19.133	0.665	19.798
2003	18.573	1.530	20.103
2004	17.265	2.252	19.517
2005	16.231	2.777	19.008
2006	17.015	2.777	19.792
2007	16.958	2.777	19.735
2008	16.888	2.777	19.665
2009	12.806	2.777	15.583
2010	12.421	2.777	15.198
2011	10.090	2.777	12.867
2012	10.089	2.777	12.866
2013	10.089	2.777	12.866
2014	8.439	2.777	11.216
2015	8.298	2.777	11.075
2016	6.811	2.777	9.588
2017	6.830	2.777	9.607
2018	6.571	2.777	9.348
2019	3.787	2.777	6.564
2020	2.509	2.112	4.621
2021	1.197	2.112	3.309
2022	0.000	2.112	2.112
2023	0.000	1.248	1.248
2024	0.000	0.525	0.525
Total	\$240.909	\$54.211	\$295.120

- Park/Bearpaw Lakes Dam Repair - \$210,000 General License Account SSR – This project will provide repairs to two high-hazard dams owned by the department.
- Future Fisheries - \$2,010,000 Total (\$260,000 River Restoration Account SSR, \$1,000,000 RIT Funds SSR, \$750,000 General License Account SSR) – Provide funding for the statewide fish habitat restoration projects.
- Valier Boat Ramp - \$150,000 Federal Wallop-Breaux Account – This project will provide for a low-water ramp via a cooperative, community-based project at Lake Francis (Valier, Mt).
- Wildlife Habitat Maintenance - \$750,000 Wildlife Maintenance SSR – This program provides for maintenance of department wildlife lands, including monitoring compliance with conservation easements.
- Habitat Montana - \$4,800,000 Wildlife Acquisition Account SSR - Program provides for the acquisition of wildlife habitat via easement, lease or fee.
- Waterfowl Stamp Program – \$342,950 Waterfowl License Account SSR – Provides for the protection and enhancement of wetland habitat.
- Upland Game Bird Program – \$1,200,000 Upland Game Bird License Account SSR – This program provides private landowners with funding to restore or establish habitat for upland species across the state.
- Big Horn Sheep Program – \$25,000 Bighorn Sheep License Account SSR - Provides for the protection and enhancement of bighorn sheep habitat.
- Cultural & Historical Parks - \$1,210,000 Total (\$200,000 Parks Account SSR, \$860,000 Highways SSR, \$150,000 Federal Land, Water & Conservation Fund) – This project will rehabilitate facilities, infrastructure, roads, interpretive displays, and provide for acquisition of park in-holdings. In additional statutorily appropriated bed tax of \$500,000 and non-budgeted private funds of \$45,000 will be used for this project.
- Motorboat Recreation - \$1,544,650 Total (\$730,000 Boat in Lieu of Tax account SSR, \$69,650 Boat Decal Fund SSR, \$240,000 Highways SSR, \$505,000 Federal Wallop-Breaux Funds) – This project will provide needed improvements at motorboat sites, including road and ramp maintenance, and related facilities.
- Federal WB - \$745,000 Federal Wallop-Breaux Funds – Federal WB funding is available to the Department for qualifying motorboat sites via the established program.
- State Park Roads - \$400,000 Highway Fuel Tax SSR – This project will provide for the maintenance and upgrade to existing access and interior roads at the cultural/historic and water-based sites.
- Capitol Complex Grounds Improvements - \$150,000 Revolving Funds – This project will rehabilitate the irrigation systems and provide plant replacements to the state Capitol building, complex, and grounds.
- Land & Water Conservation Fund - \$2,250,000 Federal Land, Water and Conservation Federal Funds – This project will provide federal funding for the acquisition and development of public outdoor recreation facility and infrastructure projects of local communities as well as FWP park sites.
- Federal Trails Grants - \$1,900,000 Federal, Water and Conservation Federal Fund – This project distributes federal trail grant funds to eligible and selected projects statewide.
- Off Highway Vehicle (OHV) Trails – \$425,000 OHV Fuel Tax SSR - This project will provide funds for the OHV grant program statewide. Grants include weed control, maintenance, and education efforts.
- Administrative Facilities Repair and Maintenance - \$764,000 General License Account SSR – Ongoing maintenance and repair at sites statewide as required to keep up the condition of facilities and protect them from deterioration.

#### Department of Justice

- Upgrade Foundations & Boiler - \$200,000 LRBP Cash - Deferred maintenance at the Montana Law Enforcement Academy in Helena.

#### Department of Military Affairs

- Federal Spending Authority – \$1,500,000 Federal – This appropriation allows for federal funds to be used for repair and maintenance and facility improvements.
- Construct New Dillon Armory - \$3,800,000 Federal – Replacement facility for an armory in Dillon that is an antiquated building.
- Construct Kalispell Armory - \$3,700,000 Federal - Construct a new building in Kalispell.



Department of Natural Resources and Conservation

- Expand Unit Office in Libby - \$94,000 Revolving – Construct a 25 x 20 foot office addition to the Libby unit.

Department of Public Health and Human Services

- Licensure Compliance - \$524,000 LRB Cash – Provide refrigeration component for air handlers at Montana Mental Health Nursing Care Center.
- Montana Veteran's Home Improvements - \$165,875 SSR - Provide for improvements including repaving and reroofing.
- Eastern MT Veteran's Home Improvements - \$177,800 Cigarette Tax SSR – Provide improvements including construction of a dining addition, outside activity area, paving and walk improvements.

Department of Transportation

- Maintenance, Repair & Small Projects - \$2,300,000 Highway Motor Fuels SSR - Provide routine/annual preventative maintenance to ensure that the facilities are maintained, as well as provide for small improvement projects.
- Construct Equipment Buildings, Statewide - \$2,700,000 Highway Motor Fuels SSR – Construct new buildings at various locations throughout the state. These buildings will house road maintenance equipment and personnel.

Montana University System Statewide

- Roof Replacement or Repair - \$426,000 LRB Cash - For Montana University System (all campuses), this project will replace roofs so that continued damage to building interiors and structures are avoided.
- Master Plan Campuses - \$250,000 Total (\$100,000 LRB Cash, \$150,000 Federal/Private and/or Grants) – Master planning for determining how to maximize use of all buildings on campus.

University of Montana

- Replace Primary Power Distribution System - \$222,125 Total (\$162,750 LRB Cash, \$59,375 Auxiliary) - The project consists of selected replacements of the primary power network, switchgear and buried cable on the UM-Dillon campus.
- Heating Plant Steam Distribution, UM-Tech - \$675,000 Total (438,750 LRB Cash, \$236,250 Auxiliary) - Upgrade the boilers and the steam distribution system at UM Tech Phase II. Evaluate electrical distribution and the Mining & Geology HVAC.
- Grants Projects, All Campuses - \$1,500,000 Federal, Donations and/or Grants – These are requests for spending authority to be granted to the University of Montana to construct a variety of projects.
- ADA Code/Deferred Maintenance - \$1,000,000 Federal, Donations, and/or Grants – This is a request for spending authority to be granted to the University System of Montana for a variety of projects.
- Multi-media Center, Yellow Bay - \$1,350,000 Federal, Donations, Grants, Nonstate Funds and/or Plant Funds – Spending authority to construct a multi-media center at Yellow Bay that will be 7,000 gross square footage.
- Law Building Renovation/Expansion - \$5,000,000 Federal, Donations, Grants, Nonstate Funds and/or Plant Funds – Spending authority to construct the addition. When complete all operating and maintenance expense are to be paid by the University of Montana.
- School of Journalism Building - \$12,000,000 Federal, Donations, Grants, Nonstate Funds and/or Plant Funds – Provide spending authority for the School of Journalism building project.
- Renovate Chemistry Building - \$3,200,000 Federal, Donations, Grants, Nonstate Funds and/or Plant Funds - To construct an addition on the Chemistry building that will contain lab space. One of these new labs will be used to provide space for lab work of students as each one of the labs are pulled out of commission to be remodeled.

Montana State University

- Animal & Range Science Facility - \$5,000,000 Higher Education Funds, Federal, Donations, Grants, Nonstate Funds and/or Plant Funds – MSU Bozeman authority only to construct a new facility to include classrooms/research/teaching labs and a biosafety containment area.



- Construct Applied Technology Center - \$3,000,000 Federal, Donations, Grants, Nonstate Funds and/or Plant Funds – To construct new building for the Applied Technology Center and renovate portions of existing Brockman Center and Auto Diagnostics. These funds will be supplemented with \$2,000,000 of bond proceeds from HB 14.
- Gaines Hall Renovation - \$2,000,000 Federal, Donations, Grants, Nonstate Funds and/or Plant Funds – To renovate the Gaines Hall building and upgrade the lab space.
- Install Public Broadcast System Digital Conversion - \$3,095,455 Federal, Donations, Grants, Nonstate Funds and/or Plant Funds - To convert the PBS from analog to digital by 2003 as required by the Federal Communications Commission. These funds are supplemented with \$1,892,286 of bond proceeds from HB 14.
- Agriculture Station Rehabilitation - \$1,000,000 Federal, Donations, Grants, Nonstate Funds and/or Plant Funds - To complete rehabilitation of agricultural experiment station facilities around the state. These funds are supplemented with \$1,000,000 of bond proceeds from HB 14.
- Develop a design for COT-MSU Billings - \$50,000 LRBP cash – To develop initial draft design for renovation of their building as a basis for proposal to the 2003 legislature.

#### Expanded Program

Initially this program was to be funded by an increase in the cigarette tax. The 2001 legislature instead chose to fund a portion of the executive request with LRBP funds freed up by shifting \$1,330,000 of debt service fund by LRBP to be funded in the future by the general fund beginning with the 2003 biennium.

#### **Department of Administration**

- Life Safety Projects, Statewide - \$300,000 LRBP Cash – Statewide projects addressing code and safety issues. These funds are in addition to the \$400,000 noted above for this purpose.
- Hazardous Material Mitigation Fund - \$ 90,000 LRBP Cash – Abate asbestos and other hazardous materials encountered in projects that pose a threat to the environment and people. These funds are in addition to the \$350,000 noted above for this purpose.
- Roof Replacement or Repair – Statewide - \$150,000 LRBP Cash – Repair and replace roofs on various buildings other than University System buildings statewide. These funds are in addition to the \$499,000 noted above for this purpose.

#### **Montana University Statewide**

- Code Compliance/Deferred Maintenance \$550,000 LRBP Cash – This project is to fund various building code violations at all campuses.

#### **University of Montana**

- Develop Design to Expand COT-UM Helena - \$240,000 LRBP Cash – This project is to fund the development of a complete detailed design to expand the COT in Helena. The project is to be ready to go out for bid if the 2005 Legislature approves the construction of the expansion. These funds are supplemented by \$125,000 in additional funds listed under the University of Montana. Total funding for this project is \$365,000.

#### *House Bill 14 – Bonded Projects*

#### Department of Corrections

- Construct Central Reception Unit - \$5,000,000 G.O. Bonds (and \$1,000,000 federal funds in HB 5) - Addition of a Central Reception Unit at Montana State Prison in Deer Lodge.

#### Department of Military Affairs

- Construct a new armory in Dillon - \$1,940,000 G.O Bonds (and \$3,800,000 federal funds in HB 5) - Construct a replacement facility for the armory in Dillon that is an antiquated building.

University of Montana

- Renovate Chemistry Building - \$6,350,000 G.O. Bonds – Renovation of existing Chemistry Building.

Montana State University

- Liberal Arts Code, Life Safety and Deferred Maintenance - \$3,220,000 G.O. Bonds – Replace elevators, chiller(s), and roofing; install fire sprinkler system; and increase ventilation in the Liberal Arts Building.
- Linfield and Montana Halls deferred maintenance - \$1,450,000 G.O. Bonds – Replace existing windows in Linfield and Montana Halls, stabilize masonry foundation walls and base at Linfield.
- Upgrade HVAC Systems in Cowen Hall - \$2,173,000 G.O. Bonds – MSU- Northern - Renovate to accommodate teaching/offices, replace mechanical and electrical systems, and correct deferred maintenance and code deficiencies.
- Construct Applied Technology Center - \$2,000,000 G.O. Bonds (and \$3,000,000 Nonstate Funds, Plant Funds in HB 5) – MSU-Northern - Construct new building for Applied Technology Center and renovate portions of the existing Brockman Center and Auto Diagnostics.
- Install PBS Digital Conversion - \$1,892,286 G.O. Bonds (and \$3,059,455 in Federal, Donations, Grants, Nonstate Funds and/or Plant Funds in HB 5) – To convert the PBS system from analog to digital service by 2003 as required by the FCC. Both analog and digital service will be provided until the FCC determines analog service is no longer required.
- Agriculture Experiment Station - \$1,000,000 G.O Bonds (and \$1,000,000 in Federal, Donations, Grants, Nonstate Funds and/or Plant Funds in HB 5) - To complete rehabilitation of agricultural experiment station facilities around the state.

# TREASURE STATE ENDOWMENT

## PROGRAM DESCRIPTION

The Treasure State Endowment Program (TSEP) is a state infrastructure-financing program approved by Montana voters with the passage of Legislative Referendum 110 in June 1992. Grant funding for the program is derived from investment earnings on coal severance tax funds. TSEP loans are funded with proceeds from bonds backed by coal severance tax collections. According to 90-6-702, MCA, the purpose of TSEP is to assist local governments in funding infrastructure projects that will:

1. create jobs for Montana residents;
2. promote economic growth in Montana by helping to finance the necessary infrastructure;
3. encourage local public facility improvements;
4. create a partnership between the state and local governments to make necessary public projects affordable;
5. support long-term, stable economic growth in Montana;
6. protect future generations from undue fiscal burdens caused by financing necessary public works;
7. coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
8. enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

Infrastructure projects include drinking water systems, wastewater treatment facilities, sanitary sewer or storm sewer systems, solid waste disposal and separation systems, and bridges.

Eligible applicants include cities, towns, counties, and tribal governments, or county or multi-county water, sewer or solid waste districts. TSEP applications are submitted to the Department of Commerce on a biennial basis where they are evaluated according to a two-step process and are ranked according to: 1) seven statutory priorities, and 2) relative financial need. The seven statutory priorities focus on projects that:

1. solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;
2. reflect greater need for financial assistance than other projects;
3. incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
4. reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;
5. enable local governments to obtain funds from sources other than TSEP;
6. provide long-term, full-time job opportunities for Montanans, provide public facilities necessary for the expansion of a business that has a high potential for financial success, or maintain the tax base or encourage expansion of the tax base; and
7. are high local priorities and have strong community support.

The Department of Commerce (DOC) administers TSEP and makes recommendations for grant and loan awards to the Governor. The Governor makes funding recommendations to the legislature. The legislature makes the final decisions on the award of TSEP funds.

## SUMMARY OF LEGISLATIVE ACTION

### TSEP

The 2001 legislature authorized 34 infrastructure projects for a total of \$15.2 million but \$13.7 million is available for grants in HB 11. This is a significant increase from the previous biennia and is driven by increased allocation of coal severance tax fund allocations to the Treasure State Trust Fund as a result of SB 220 of the 1999 legislature. With the increase in deposits to the trust fund, an estimated \$1.8

Table 6  
Treasure State Endowment Program  
Grant and Loan Awards by Biennium  
(in millions)

Biennium	Number of Projects		Grant Awards	Loan Awards
	Approved			
	Grants	Loans		
1995	20	4	\$3.966	\$0.168
1997	15	0	4.991	-
1999	22	4	9.111	1.905
2001	21	0	12.596	-
2003	34	0	15.172	-



million in additional funds were available for TSEP grants during the 2003 biennium. Table 6 shows the historical TSEP grant awards since the program inception.

Table 7 lists the grant awards authorized for the 2003 biennium. HB 11 provides:

“if funds deposited in the treasure state endowment special revenue account during the biennium ended June 30, 2003, are insufficient to fully fund the projects numbered 1 through 31, ...these projects will be funded from deposits into the treasure state endowment special revenue account made during the 2005 biennium before projects authorized by the 2003 legislature receive any funding from the account.”

Table 7 Treasure State Endowment Program Grant Recommendations 2003 Biennium				
Rank Order	Applicant	Utility	Proposed Grant Award	Cumulative Grant Award
1	Lewis & Clark County	Bridge	\$500,000	\$500,000
2	Alder Water & Sewer District	Wastewater	500,000	1,000,000
3	Town of Hot Springs	Water	500,000	1,500,000
4	Whitewater Water & Sewer District	Wastewater	500,000	2,000,000
5	Town of Virginia City	Wastewater	500,000	2,500,000
6	Town of Froid	Wastewater	390,600	2,890,600
7	Town of Nashua	Wastewater	500,000	3,390,600
8	Richland County	Bridge	296,500	3,687,100
9	Town of Lavina	Wastewater	483,000	4,170,100
10	Gardiner-Park County Water & Sewer District	Water	398,500	4,568,600
11	Park City Water & Sewer District	Wastewater	500,000	5,068,600
12	Town of Stanford	Wastewater	500,000	5,568,600
13	Florence County Water & Sewer District	Wastewater	500,000	6,068,600
14	Ashland County Water & Sewer District	Wastewater	500,000	6,568,600
15	Town of Geraldine	Water	167,460	6,736,060
16	Town of Manhattan	Wastewater	500,000	7,236,060
17	Lambert County Water & Sewer District	Water	403,000	7,639,060
18	Town of Browning	Water	500,000	8,139,060
19	Town of Kevin	Wastewater	385,000	8,524,060
20	Power-Teton County Water & Sewer District	Water	425,000	8,949,060
21	Blackfeet Tribe	Water	500,000	9,449,060
22	City of Whitefish	Wastewater	500,000	9,949,060
23	City of Choteau	Wastewater	500,000	10,449,060
24	Lockwood Water & Sewer District	Wastewater	500,000	10,949,060
25	Town of Eureka	Water	369,000	11,318,060
26	City of Shelby	Water	500,000	11,818,060
27	Charlo-Lake County Sewer District	Wastewater	500,000	12,318,060
28	Essex County Water & Sewer District	Water	225,000	12,543,060
29	City of Helena	Stormdrain	500,000	13,043,060
30	Hinsdale Water & Sewer District	Wastewater	329,000	13,372,060
31	City of Havre	Water	500,000	13,872,060
32	Town of Fairfield *	Wastewater	500,000	14,372,060
33	Yellowstone County *	Bridge	300,000	14,672,060
34	Town of Jordan *	Water/Wastewater	500,000	15,172,060
Total			\$15,172,060	
* These applicants are recommended for grant awards contingent upon TSEP funds being available.				

It is expected that funds will be sufficient for the first 31 projects.

HB 11 also provides for the 2003 legislature to review projects 1 through 31 that have not completed certain conditions (in Section 3 of the bill) and determine if the grant(s) should be withdrawn. The 2003 legislature could make the funds from the withdrawn grant(s) available to projects 32 through 34.

HB 11 provides for Yellowstone County to be reimbursed for engineering and construction related costs incurred on a Yellowstone County bridge since submitting its application in May 2000.

The legislature authorized the creation of an appropriation from the treasure state endowment special revenue account for emergencies that arise.

“The projects eligible for emergency grants must be necessary to remedy conditions that if allowed to continue until legislative approval could be obtained would endanger the public health or safety and expose the applicant to substantial financial risk” and “the department may not make an emergency grant if it determines that through the implementation or reasonable management practices, the applicant can forestall the risks to health or safety until the legislative approval can be obtained.”

The legislature also authorized a one time emergency grant for \$100,000 to the city of Conrad. The grant will be used to help pay for the cost to move the pumping station for their drinking water system.

### **TSEP Loans**

Section 90-6-703, MCA also provides for loans to eligible applicants as well as grants. Only eight loans have been authorized by the legislature since the program's inception in fiscal 1994. To date, none of the successful applicants have opted to secure a TSEP loan. The 2003 biennium Executive Budget did not include any TSEP loan requests.

## **EXECUTIVE BUDGET COMPARISON**

The legislature reduced the amount available for grants by \$200,000 by approving funding for two specific items: 1) funding for emergency grants for infrastructure projects in the amount of \$100,000 for the biennium and 2) an emergency grant to the City of Conrad in the amount of \$100,000 that must be used for the city's drinking water system in order to move the pumping station.

### **Other Legislation**

#### *House Bill 610*

HB 610 reinstates the coal severance tax distributions to the allocation percentages that were in place prior to the passage of SB 220 by the 1999 legislative session. SB 220 increased the allocation of coal severance tax to the Treasure State Endowment Trust Fund due to the license increase in coal severance license tax that was adopted in HB 260 during the 1999 legislative session. Effective July 1, 2003, HB 610 passed by the 2001 legislative session will reduce the coal severance tax bond fund distribution to the treasure state endowment fund from 75% to 50%. The remaining 25% will be allocated to the coal severance tax permanent fund.

### **Funding**

In July 1993, \$10.0 million was transferred from the coal severance tax permanent trust fund to the Treasure State Endowment Trust Fund (TSEF). In addition, the trust receives 75 percent of coal severance tax revenues deposited into the permanent trust through fiscal 2003. This percentage is reduced to 50 percent starting July 1, 2003 as a result of HB 610 and will continue to be deposited into the fund until June 30, 2013. Funding for TSEP grants comes from the investment earnings on the Treasure State Endowment Trust, which is deposited into a TSEP state special revenue account. TSEF investment earnings for the 2003 biennium are projected to total \$15 million.

Table 8  
Treasure State Endowment Program  
Fund Balance Projection  
2003 Biennium

Estimated Beginning Fund Balance	\$0	
Revenue Projections *		
Fiscal 2002 Interest	7,088,000	
Fiscal 2003 Interest	<u>7,952,000</u>	
Total Funds Available		15,040,000
Proposed Expenditures		
Administration - Commerce	687,264	
Administration - DNRC	52,000	
Emergency Grants	100,000	
Conrad emergency grant	100,000	
Water/Sewer Pre-engineering - SA	<u>425,000</u>	
Total Expenditures		<u>1,364,264</u>
Funds Available for Grants		13,675,736
Proposed Grants		<u>13,672,060</u>
Excess Available for Further Grants		<u>\$3,676</u>

\*Based on HJR 2 revenue estimates

In order to provide "start-up" funds for TSEP, the 1993 legislature authorized the Department of Commerce to borrow money from the Board of Investments (BOI), resulting in a \$4.1 million loan, which will be completely repaid by fiscal year end 2001. Because these loan payments are made from the investment earnings, once the loan is retired, these funds will be available for grant awards. Loan payments during the 2001 biennium total \$2.4 million. No loan payments are required for the 2003 biennium.

Table 8 shows the projected fund balance for the treasure state endowment state special revenue account for the 2003 biennium. Total new revenue and carryover funds in this account are estimated at \$15 million for the biennium and administrative costs are approximately \$0.7 million. An amount of \$14.3 million is estimated as available for grants.

## TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND

SB 220 (1999 session) created a new account within the coal tax permanent trust fund for funding regional water systems. The new account is called the treasure state endowment regional water system trust fund. SB 220 allocated 25 percent of the deposits to the coal severance permanent trust to this new account effective July 1, 1999 through June 30, 2013. Earnings from this new trust fund would be transferred monthly to the treasure state endowment regional water system special revenue account, to cover the obligations of the state as authorized by the legislature. Unobligated earnings would remain in the trust fund.

The moneys in the special revenue account may be used to provide matching funds to plan and construct regional water systems in Montana. Each state dollar must be matched by an equal local match. The funds in this account are restricted to use for regional drinking water systems that supply water to large geographical areas and serve multiple local governments. The Department of Commerce is responsible for administering these funds and ensuring that the water authorities meet certain conditions.

## SUMMARY OF LEGISLATIVE ACTION

The 2001 legislature appropriated \$2.4 million for the 2003 biennium to provide the state's share for two water authorities in the State of Montana. They are the dry prairie rural water authority and the north central Montana regional water authority.

The legislature also clarified in HB 11 the definition of the entities entitled to receive funds from the treasure state endowment regional water system fund to be those regional water systems:

"that supply water to large geographical areas and serve multiple local governments"



## EXECUTIVE BUDGET COMPARISON

The legislative authorization for funding for the regional water system is \$641,942 less than the executive recommendation of \$3 million due to a lower estimate of interest earnings than originally estimated by the executive. The lower funding level had no impact on the regional water systems because the financial package for any of the projects will not be complete until the 2003 biennium.

### Funding

SB 220 (1999 session) created a new account within the coal tax permanent trust fund for funding regional water systems. The fund receives 25 percent of coal severance tax revenues deposited into the permanent trust through fiscal 2013. Funding for Treasure state regional water system state special revenue account comes from the investment earnings of the trust fund. Investment earnings for the 2003 biennium are projected to total \$1.9 million. In addition, \$.5 million of interest earnings is carried over from the 2001 biennium that will be available to the 2003 Biennium. This provides an estimated total of \$2.4 million available for regional water system grants in the 2003 biennium.

# OIL OVERCHARGE PROGRAM

## PROGRAM DESCRIPTION

Oil overcharge funds are allocated to the state by the federal Department of Energy (DOE) as a result of federal court action requiring certain oil producers to pay restitution for violation of federal price and allocation controls that occurred between 1973 and 1981. These funds cannot be used to replace state funds and may only be used for programs authorized by federal law. The state uses the oil overcharge money to supplement state and federal programs administered by the state, in a manner consistent with federal court orders (section 90-4-210, MCA).

Each biennium, agencies submit proposals to the Office of Budget and Program Planning (OBPP) for energy conservation projects and programs. These proposals are reviewed by a committee of state and local government officials, who make recommendations to the Governor. The Governor's recommendations are then presented in HB 10. The legislature ultimately determines the distribution of oil overcharge funds by the appropriations provided for in HB 10.

The director of each agency receiving oil overcharge funds is responsible for ensuring that expenditures and tracking of the funds are consistent with legislative intent and the court settlement agreements. The state Department of Environmental Quality (DEQ) is responsible for administering the distribution of oil overcharge funds to state agencies and for producing an annual report on the allocation and expenditures of these funds.

## SUMMARY OF LEGISLATIVE ACTION

Appropriations of oil overcharge funds for the 2003 biennium are primarily targeted toward energy conservation projects and low-income assistance programs. HB10 appropriates oil overcharge funds to 6 programs ranked in priority order as shown in Table 9. A detailed description of the projects authorized in HB 10 is presented below.

It is important to note that HB 12 reappropriates \$100,000 of oil overcharge funds to DEQ to help fund administrative costs for the State Building Energy Conservation Program. Oil overcharge funds authorized in HB 12 for this energy conservation effort have a higher priority than any other oil overcharge appropriation for the 2003 biennium (see *State Building Energy Conservation Program* in this section for more information on that program).

Table 9 Oil Overcharge 2003 Biennium HB 10			
Rank	Agency	Project	Amount
1	DPHHS	Food Bank Network Transportation	\$15,000
2	DEQ	Ethanol Cooperative	3,000
3	DPHHS	Transportation for Seniors to Nutrition Sites	11,000
4	DEQ	Promotion of Soil Moisture Monitors	5,000
5	DPHHS	Low-Income Home Weatherization	229,000
6	DPHHS	Weatherization/Energy Share, Inc. Grant	300,000
Total Projects			563,000
Reappropriation - HB 10			90,000
Total			\$653,000

## EXECUTIVE BUDGET COMPARISON

The legislative action funded HB 10 as recommended by the Executive.

### Funding

New oil overcharge program recommendations total \$563,000. All of the funding for these projects is from oil stripper well funds. According to a fund balance analysis for the oil overcharge account (based primarily upon information provided by the Department of Environmental Quality), the beginning fund balance for the 2003 biennium is projected to be \$230,730. The department indicates that revenue projections for the 2003 biennium are unknown. There is a reappropriation of \$20,000 from the oil stripper well payments and \$70,000 from diamond shamrock payments to fund the state energy program administered by DEQ. This program is a 50/50 match program with schools and hospitals for energy retro-fit studies. While the department can only speculate on what revenues might be during the 2003 biennium

(as the courts consider some of these cases), it states that only the fund balance is certain at this time. The department is confident that revenues will occur and states that over the past several years, it has only had to reduce appropriations once.

Table 10  
Oil Overcharge Funds  
Fund Balance Projection - 2003 Biennium

Estimated Beginning Fund Balance	\$230,730
Revenue Projections	
Interest Earnings (unknown)	-
Settlements (unknown)	-
Total Funds Available	230,730
Proposed New Expenditures	563,000
Estimated Ending Fund Balance	(\$332,270)

Table 10 provides a fund balance projection for the 2003 biennium for the oil overcharge funds to be used to fund new proposals. Revenue projections do not include any new settlement monies being received by the state during the 2003 biennium.

As shown in Table 10, projected revenues are not sufficient for all of the new projects contained in HB 10. HB 10 provides the grant allocation reduction procedures to be applied in the event of a revenue shortfall. Section 12(2) states:

"If stripper well payments are insufficient to fully fund the appropriations..., allocations to the lowest ranking program must be reduced until the deficiency is eliminated. If the deficiency is in

excess of the appropriation to the lowest ranking program, the next lowest ranking program must have its appropriation reduced until the deficiency is eliminated and so forth as the programs are prioritized. These priorities must be applied to one-half of the total amount appropriated ... for fiscal year 2002 and to the remaining appropriation for fiscal year 2003."

## PROJECT DESCRIPTIONS

The following is a brief description of each of the projects recommended to receive funding.

- Food Bank Network Transportation - \$15,000. The Department of Public Health and Human Services (DPHHS) requests biennial funding for use in assisting the Montana Food Bank Network with coordinated energy efficient transportation of food to drop sites and local food banks statewide. Funds will be used to pay costs associated with distributing food to approximately 50 agencies. By having the food bank network trucks deliver food from their Missoula and Miles City warehouses directly to local agencies, local agencies no longer have to drive long distances in individual pickups to secure food. The request indicates that overall savings in fuel costs will be approximately \$17,880 per year.
- Ethanol Cooperative - \$3,000. Funding would support research and travel related to ethanol development by the Ethanol Producers and Consumers (EPAC).
- Transportation for Seniors to Nutrition Sites - \$11,000. Funding would be appropriated to DPHHS for grants to the area agencies on aging to provide transportation for senior to nutrition sites. The area agencies on aging shall apply to the DPHHS for these funds.
- Promotion of Soil Moisture Monitors - \$5,000. Soil moisture monitoring for more efficient irrigation as a water and energy conservation practice is the concept behind this proposal. Funding would provide for promotion of this relatively new technology. This project is submitted by the National Center for Appropriate Technology, located in Butte.
- Low-Income Home Weatherization - \$229,000. This program provides services in the form of energy conservation measures such as 1) heating system replacement and repairs; 2) water heater, attic, wall, and floor insulation; 3) blockage of air infiltration; and 4) installation of storm windows. Further, this funding would allow the state to provide a match for the federally funded weatherization program and to perform asbestos abatement for occurrences of asbestos in attic insulation.



- Weatherization/Energy Share, Inc. Grant - \$300,000. Oil overcharge funds in the amount of \$150,000 would be appropriated each year of the biennium to the Department of Public Health and Human Services (DPHHS). These funds would be granted to *Energy Share of Montana*, a non-profit organization who provides assistance to low-income families in addressing home heating emergencies. *Energy Share* proposes to combine the oil overcharge monies with private funds and universal system benefit (USB) contributions to be spent on households at or below 150% of poverty. Households are eligible for these funds only if they are not eligible for federal low-income energy assistance or have not received federal low-income energy assistance in the current program year. None of the oil overcharge funds appropriated for energy assistance are to be used to fund administrative costs. HB 10 includes a provision whereas, if during either year of the biennium the combination of oil overcharge funds and USB contributions designated for *Energy Share* exceed a total of \$400,000 for the fiscal year, the excess shall be subtracted from the oil overcharge appropriation and added to the appropriation for low-income home weatherization (see above).

# STATE BUILDING ENERGY CONSERVATION

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## PROGRAM DESCRIPTION

The State Building Energy Conservation Program (SBECP), operated by the Department of Environmental Quality (DEQ), was established by the 1989 legislature to reduce operating costs in-state facilities by identifying and funding cost-effective energy efficiency improvement projects. Energy efficiency improvements include:

- replacing old, inefficient boilers;
- upgrading inefficient lighting;
- increasing ventilation system efficiency;
- insulating buildings; and
- providing more effective temperature controls.

Through this program, the state issues general obligation (G.O.) bonds, uses the bond proceeds to pay for energy efficiency improvements, then uses the resulting energy cost savings to pay the debt service on the bonds. The projects are designed so that the cost savings exceed the bond debt service payments. Excess savings are transferred to the Long-Range Building Program. As of the beginning of the 2001 session, 45 energy conservation projects have been completed through the SBECP, and an additional 14 projects are in various stages of completion. Since the program's inception, the state had spent a total of \$3.7 million in oil overcharge funds and \$5.6 million in G.O. bond proceeds to fund the projects.

## SUMMARY OF LEGISLATIVE ACTION

HB 12 authorized the state Board of Examiners to issue up to \$3.0 million in G.O. bonds for the SBECP, thus requiring a two-thirds vote of each house. In HB 12, DEQ is granted a biennial appropriation of \$450,000 from the bond proceeds to fund the analysis, design, and program administration. HB 12 also contains a \$100,000 reappropriation to DEQ for oil overcharge (stripper-well) funds to be used for administrative purposes. The bill states that this reappropriation of funds has a higher priority than any other appropriation of stripper-well payments during the 2003 biennium (refer to the oil overcharge narrative for more information). Following is a list of projects identified by the executive for the SBECP for fiscal 2002 and 2003. Cost estimates for these projects were not provided to the legislature, although the legislature was assured that all projects are confirmed to provide adequate savings in energy costs to fully fund the debt service of the bonds required to provide the funding for each project.

- Projects in Design or Construction:

University of Montana  
Heating Plant, Butte  
Science Complex, Missoula

Montana State University  
Renne Library, Bozeman  
Cowan Hall, Havre

Department of Fish, Wildlife and Parks  
FWP Headquarters, Bozeman

- Projects in Development

Department of Military Affairs  
Operational Maintenance Shop, Helena

Department of Administration  
Justice Building, Helena

Montana State University  
College of Technology, Great Falls

- Preliminary LRBP Projects

Montana State University  
Liberal Arts Building, Billings

Department of Justice  
MT Law Enforcement Academy, Helena

Dept of Public Health and Human Services  
MT Mental Health Nursing Care Center, Lewistown

In addition to the projects listed above, HB 12 affords DEQ the option of expending funds during the biennium "to respond to energy saving opportunities". In other words, should energy efficiency projects arise during the interim that would become unfeasible or uneconomical if not pursued until the next legislature, DEQ has the authority to move forward as long as funding is available.

HB 5 contains language that requires DEQ to review capital projects for potential inclusion in the state energy conservation program. If a project is found to result in energy improvements, it must be submitted to the energy conservation program for co-funding consideration. Co-funding provided under the energy conservation program must be used to offset or add to the authorized funding for the project, and the amount will be dependent upon the annual utility savings resulting from the facility improvement.



# RESOURCE INDEMNITY TRUST GRANT AND LOAN PROGRAM

Resource indemnity trust (RIT) funds are a major source of revenue for several natural resource agencies and programs, including the Renewable Resource Grant and Loan Program (RRGL) and the Reclamation and Development Grant Program (RDGP). The RIT receives income from two sources: 1) the resource indemnity and ground water assessment tax (RIGWAT); and 2) an allocation of oil and gas tax revenues. The Board of Investments invests funds deposited in the RIT and some of the investment earnings are used to fund the RRGL and RDGP. For more detailed information on the allocation and expenditure of other RIT proceeds and RIT interest earnings, see the Department of Natural Resources and Conservation (DNRC) summary in Section C of the LFD Budget Analysis, Volume 2.

## Renewable Resource Grant and Loan Program

In accordance with 15-38-202, MCA, a total of \$2.0 million in RIT interest earnings is allocated to the Renewable Resource Grant and Loan (RRGL) account each year for the purpose of making grants. Created by the 1993 legislature, the RRGL program combines the former Renewable Resource Development Program, established in 1975, and the Water Development Program, established in 1981. As outlined under Title 85, Chapter 1, Part 6, MCA, the purpose of the RRGL is to fund projects that "enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources." The \$2.0 million statutorily allocated each year to the RRGL is deposited into the renewable resource grant and loan program state special revenue account which provides \$4.0 million in funds for grants during the biennium.

The Department of Natural Resources (DNRC) administers the RRGL, which involves a biennial application process. DNRC and a technical review team initially evaluate each application for economic and technical feasibility, as well as to ensure that proposed projects are located in Montana. Qualifying applications are then examined according to six criteria:

1. financial feasibility;
2. adverse environmental impact;
3. technical merit;
4. public benefit;
5. need; and
6. urgency.

DNRC submits a list of funding recommendations to the Governor, who reviews the list and submits recommendations to the legislature. Funding for projects comes in the form of grants and/or loans made to both public and private entities. The legislature has final approval for the awarding of RRGL grants (HB 6) and loans (HB 8).

## LEGISLATIVE ACTION

The 2001 legislature passed two appropriation bills for the RRGL Program. HB 6 contains appropriations for renewable resource grants and HB 8 contains appropriations for renewable resource loans. HB 6 grant applications that are authorized by the legislature but will not receive funding due to a shortage of funds are eligible to apply for a loan as provided in HB 8.

### House Bill 6 - Grants

Table 11 shows the RRGL grants awarded for the 2003 biennium. The 2001 legislature granted a total of \$4.8 million for the following purposes:

- \$125,000 to DNRC to be used for emergency projects
- \$100,000 to DNRC to be used for private grants
- \$4,600,741 to DNRC for distribution to political subdivisions and local government as renewable resource grants, further allocated as follows:

- \$300,000 for planning grants to be awarded over the course of the biennium
- \$4,300,741 prioritized among 62 projects listed in section 1(3) of HB 6. While 62 projects are approved for funding, only the first 46 will be funded with the revenues available. The 2001 legislature intends that each of the grant projects listed after the Charlo Water District (new water well project) will not receive grant funds unless a higher priority project withdraws all or part of their project need or if additional revenues becomes available.

In addition to the \$4.0 million that is statutorily allocated to this program, an additional \$600,741 was appropriated from the Reclamation and Development Account to fund addition renewable resource projects in HB 6.

### **House Bill 8 – Loans**

HB 8 authorizes the issuance of coal severance tax bonds to provide for RRGL projects. Proceeds from the issuance of bonds are used to fund the loans, with loan repayments used to pay the debt service. Because these are general obligation bonds, they constitute a state debt that required a two-thirds vote of the members of each house. Moreover, because money from the coal severance tax bond fund is pledged for debt service payments on the bonds, HB 8 also required a three-fourths vote of the members of each house, as required by the Montana constitution.

HB 8 authorized 6 new loans for \$6.9 million. In addition, six loans, previously authorized by the 1999 legislature, are reauthorized in HB 8 for a total of \$9.0 million. The majority of the loans in HB 8 are for community water and wastewater projects, with one new loan authorized for an irrigation district. Interest rates on the loans are subsidized at rates based on the borrowers' affordability. According to DNRC, approximately \$0.6 million of annual coal severance tax revenue is used to fund these subsidies.

### **Other Legislation**

RIT is anticipated to pass the \$100 million balance during fiscal 2002. As a result, an estimated \$1.1 million is available to be appropriated by the legislature for the 2003 biennium.

SB 326 (the weed bill) provides for a one-time distribution to the weed districts of \$500,000 to be distributed from the first deposits to RIT that result in the trust exceeding \$100 million. The distribution is to take place in fiscal 2003.

HB 2 provides \$540,000 for one-time purchase of zero coupon bonds to fund the perpetual pumping of water at the Zortman mine EPA waste dumpsite. The Department of Environmental Quality (DEQ) is administering the reclamation of this closed mine.

Table 11  
Renewable Resource Grant and Loan Program  
HB 6 & 8 - 2003 Biennium

Rank	Applicant	Project	HB 6 Grants Authorized	HB 8 Loans Authorized	HB 8 Loan Interest rate
<b>In HB 6:</b>					
	Section 1	Emergency Projects	\$125,000		
	Section 1	Private Grants	100,000		
	Section 2	Project Planning Grants	300,000		
1	MT Dept. of Nat. Resources and Conserv.	Bair Dam Rehabilitation Proposal	100,000	988,772	4.5% 1st 250,000, 2.25% up to next 250,000, 0% next amount over 500,000 for 20-year bond
2	MT Dept. of Nat. Resources and Conserv.	Nevada Creek Dam Rehabilitation	100,000	494,041	2.25% for 20-year bond
3	MT Dept. of Corrections	Rehabilitation of Prison Ranch Dams	94,300		
4	Canyon Creek Irrigation District	Wyant Lake Dam Rehabilitation	100,000		
5	Canyon Creek Irrigation District	Canyon Lake Dam Rehabilitation	100,000		
6	Alder Water and Sewer District	Wastewater Collection and Treatment System	100,000		
7	Flathead Basin Commission	Implementation of the Flathead Basin Voluntary Nutrient Reduction	99,697		
8	Cascade County Conservation District	Sun River Valley Ditch Company Water Conservation and Quality Improvement	99,230		
9	Virginia City, Town of	Wastewater Treatment System	100,000		
10	Whitefish County Water and Sewer District	Revisit to the Limnology of Whitefish Lake	75,000		
11	Florence County Water and Sewer District	Wastewater System Improvements	100,000		
12	Bitterroot Irrigation District	BRID-Water Use and Water Quality Improvement Project - Phase II	100,000		
13	Manhattan, Town of	Wastewater System Improvements	100,000		
14	Glen Lake Irrigation District	Therriault Creek Point of Diversion Infrastructure and Fish Habitat Improvement	94,500		
15	Whitefish, City of	Wastewater Aeration System Improvements and Lagoon Solids Removal Project	100,000		
16	Ruby Valley Conservation District	Lower Ruby Valley Groundwater Mgmt Plan	73,764		
17	Charlo Sewer District	Wastewater System Improvements	100,000		
18	Whitewater Water and Sewer District	Wastewater System Improvements	100,000		
19	Glasgow Irrigation District	Vandalia Diversion Dam Rehabilitation Phase II North Bridge Pier	100,000		
20	Geraldine, Town of	Water System Improvements Phase I	100,000		
21	Ashland Water and Sewer District	Water System Improvements Phase I	100,000		
22	Milk River Project Joint Board of Control	Saint Mary River Siphon Repair Phase II	100,000		
23	Stanford, Town of	Wastewater System Improvements	100,000		
24	LaCasa Grande Water and Sewer District	Water Supply and Distribution System	100,000		
25	Clyde Park, Town of	Water Systems Improvements Project	100,000		
26	Nashua, Town of	Wastewater System Improvements	100,000		
27	Park City/County Water and Sewer District	Wastewater System Improvements	100,000		
28	Lower Willow Creek Drainage District	Lower Willow Creek Dam Rehabilitation	100,000	1,350,000	4.5% 1st 250,000, 2.25% up to next 250,000, 0% next amount over 500,000 for 20-year bond
29	Deer Lodge, City of	Clark Fork River Water Quality Protection	100,000		
30	Lewis & Clark Conservation District	Willow Creek Erosion / Water Quality	98,636		
31	Hot Springs, Town of	Water System Improvements	100,000		
32	Wisdom Sewer District	Water System Improvements	100,000		
33	Teton County	Burton Bench Aquifer Evaluation	74,261		
34	Elk Meadows Ranch. Cnty Water District	Water Systems Improvements	100,000		
35	Carbon Conservation District	Whitehorse Ditch Reorganization	57,200		
36	Choteau, City of	Water System Improvements	100,000		

(Continued on next page)



Table 11 (continued)  
Renewable Resource Grant and Loan Program  
HB 6 & 8 - 2003 Biennium

Rank	Applicant	Project	HB 6 Grants Authorized	HB 8 Loans Authorized	HB 8 Loan Interest rate
37	Beaverhead County	Big Hole Watershed Management Project	75,000		
38	Hobson, Town of	Water Exploration	50,000		
39	Circle, Town of	Well Repair	60,000		
40	Stillwater County Commissioners	Improving Soil Productivity and Water Quality in South Central Montana through Land-Use Changes	74,153		
41	Missoula, City of	Rattlesnake Stream Restoration and Flood Control Project	100,000		
42	Helena Valley Irrigation District	Fixed Wheel Gate and Hydraulic Cylinder Repair	100,000	188,400	Lower of 4.5% or state's 20-year bond rate
43	Hill County	Beaver Creek Dam Rehabilitation	75,000		
44	Hinsdale Water and Sewer District	Wastewater System Improvements	100,000		
45	Richey, Town of	Water System Improvements	100,000		
46	Charlo Water District	New Water Well	100,000		
47	Laurel, City of	City of Laurel Ground-Water and Salinity Management Feasibility Project	100,000		
48	Malta Irrigation District	Replacement and Modification of Check Structures	68,290		
49	Glen Lake Irrigation District	Costich Drop Improvements Project	100,000		
50	Montana State University	Married Student Housing Irrigation Project	100,000		
51	Scobey, City of	Wellfield Rehabilitation Study	50,704		
52	Power-Teton Cnty Water/Sewer District	Water System Improvements	100,000		
53	Butte-Silver Bow	Elimination of Combined Sewers	27,919		
54	Great Falls, City of	Yard Waste Management Facility	100,000		
55	Lambert County Sewer and Water District	Water System Improvement Project	100,000		
56	Park Conservation District	Wildlife Assessment: Governor's Upper Yellowstone River Task Force Cumulative Effects Investigation	75,000		
57	Troy, City of	Water System Improvements	99,970		
58	Butte-Silver Bow Local Government	Basin Creek Dam #1 and #2 Site Improvements Projects	100,000		
59	Whitefish, City of	Whitefish City Beach	58,650		
60	Lockwood Water and Sewer District	Wastewater Collection System	100,000		
61	MT Dept. of Nat. Resources and Conserv.	Seepage Monitoring Program (DNRC)	75,000		
62	MT Dept. of Nat. Resources and Conserv.	Seepage Monitoring Program (FWP)	75,000		
<b>In HB 8:</b>					
	Yellowstone County	Shiloh Road Bridge Replacement		620,000	State's 20-year bond rate
	Lockwood Water and Sewer District	Wastewater Collection and Treatment Works		3,300,000	2% below state's 20-year bond rate 1st 5 years that shifts up to state bond rate for up to 15 yrs
	Daly Ditches Irrigation district	Republican Canal Diversion Dam Replacement		730,691	State's 20-year bond rate
	Hebgen Basin/W Yellowstone Refuse Dist.	Composting Facility for Municipal Solid Waste		2,080,000	State's 20-year bond rate
	Hill County Water District	Water Treatment Plant		400,000	2% below state's 20-year bond rate 1st 5 yrs that shifts up to state bond rate for up to 15 yrs.
	Huntley Project Irrigation District	Irrigation System Improvements		3,200,440	lower of 3.5% or state bond rate
	Malta Irrigation District	Repair and Modification of Dodson Diversion Dam		2,274,950	4.5% 1st 250,000, 2.25% up to next 250,000, 0% next amount over 500,000 for 20-year bond
	Canyon Creek Irrigation District	Canyon Lake Dam & Wyant Lake Dam Restoration		300,000	lower of 4.5% or state bond rate
Total Grants Approved thru rank 46			<u>\$4,825,741</u>		
Total Loans Approved				<u>\$15,927,294</u>	

## Reclamation and Development Grant Program

Resource indemnity trust interest earnings in the amount of \$3.0 million are to be deposited into the reclamation and development grant account each biennium for the purpose of making grants (15-38-202, MCA). The Reclamation and Development Grant Program (RDGP) is designed to fund projects that:

“..indemnify the people of the state for the effects of mineral development on public resources and that meet other crucial state needs serving the public interest and the total environment of the citizens of Montana” (90-2-1102, MCA).”

As provided in statute, projects approved under the RDGP are intended to:

1. repair, reclaim, and mitigate environmental damage to public resources from non-renewable resource extraction; and
2. develop and ensure the quality of public resources for the benefit of all Montana citizens.

The RDGP is administered by DNRC, which solicits, evaluates, and ranks each application on a biennial basis. Those eligible to apply for grants include state and local governments, political subdivisions, and tribal governments. Applications are evaluated according to specific criteria related to:

1. public benefit;
2. need and urgency;
3. appropriateness of technical design;
4. financial feasibility; and
5. project management/organization.

No grant may exceed \$300,000. DNRC forwards a list of recommendations to the Governor, who reviews the list and submits funding recommendations to the legislature. The legislature gives the final approval on grant requests.

## LEGISLATIVE ACTION

Table 12 lists the RDGP grants approved by the 2001 legislature. A total of \$4.0 million for the first 18 awards was granted for the 2003 biennium. HB 7 provides that:

“Funds not accepted by grantees or funds not used by higher-ranked projects and activities must be provided for projects and activities lower on the priority list that otherwise would not receive funding.”

Two Montana Board of Oil and Gas Conservation projects top the list because, in accordance with 90-2-1113, MCA, the Board receives a priority for \$600,000 in RDGP grants.

Table 13 lists \$900,000 of grants authorized by the 1999 legislature, that were withdrawn by the 2001 legislature, that had been made to the Department of Environmental Quality. This with added revenues of \$200,000 provided an additional \$1.1 million in appropriations that make up the balance of the \$4.0 million funding request.

Table 12  
HB 7 - Reclamation and Development Grants  
2003 Biennium

Rank	Applicant	Project Name	HB 7 Grant
1	Board of Oil and Gas Conservation	2001 Eastern District Orphaned Well Plug/ Abandonment-Site Recovery	\$300,000
2	Board of Oil and Gas Conservation	2001 Northern District Orphaned Well Plug/Abandonment-Site	300,000
3	Department of Environmental Quality	Development-Trust Fund long term water treatment-Zortman-	300,000
4	Powell County	Ontario Wet Tailings Reclamation	300,000
5	City of Lewistown	Reclamation of Brewery Flats on Big Spring Creek	297,740
6	Department of Environmental Quality	CMC Pony Mill site Reclamation Project (completion phase)	291,191
7	Broadwater County Conservation District	Big Belt Mine Reclamation Projects	145,380
8	City of Deer Lodge	Former Chicago Milwaukee Railroad Fueling Area, Deer Lodge	140,000
9	Butte-Silver Bow County	Upper Clark Fork Basin; Superfund Technical Assistance	49,272
10	Board of Oil and Gas Conservation	2001 Southern District Orphaned Well Plug/Abandonment-Site	250,000
11	Custer County Conservation District	Yellowstone River Resource Conservation Project	299,977
12	Cascade County / Weed and Mosquito	Fort Shaw Weed Shop Soil Contamination Remediation	218,466
13	Department of Environmental Quality	Zortman and Landusky Mines - Organic Soil Amendments	300,000
14	Department of Environmental Quality	Zortman Mine - Ruby Gulch Tailings Removal	300,000
15	Department of Natural Resources and	Coal-Bed Methane EIS	250,000
16	Glacier County	2000 Glacier County Plugging and Abandonment	150,000
17	Pondera County	Pondera County Oil & Gas Well Plug and Abandon Project	100,000
18	Liberty, Hill, Blaine, and Chouteau Counties	Abandonment Aid Program for Small Independent Operators	50,000
19	Department of Environmental Quality	Gregory Mine Reclamation Project	300,000
20	Sheridan County Conservation District	Protecting Natural Resources by Reclaiming Oilfield Brine-Contaminated Soils	299,950
21	Department of Natural Resources and	DNRC Environmental Hazard Sites on State Land	272,250
22	Flathead and Missoula Counties	Assessment of Aggregate Resources for long-term planning	167,821
Total Grants			<u>\$5,082,047</u>

Table 13  
HB 7 Reclamation and Development Grants  
2003 Biennium

Sponsor/Title	Authority Withdrawn
<i>Appropriations cut that had been approved by the 56th Legislature</i>	
Department of Environmental Quality Toston Smelter reclamation	\$300,000
Department of Environmental Quality Frohner Mine Reclamation	300,000
Department of Environmental Quality Great Republic Smelter Reclamation	<u>300,000</u>
Total Grant Funds Withdrawn	<u>\$900,000</u>

## EXECUTIVE BUDGET COMPARISON

The 2001 legislature identified the three grants from the 1999 outstanding grants that would be withdrawn to provide \$900,000 of increased funding. The list of grants approved during the 2001 legislature identified three specific 1999



projects to be eliminated, thus providing adequate funding for the approved grants of the 2001 legislature. Funding levels of some grants were adjusted to direct an increase of \$100,000 towards the efforts of plugging abandoned oil well sites.

**Funding**

These funds consist of \$3 million statutorily appropriated, \$900,000 from grants withdrawn that had been granted by the 1999 session, and \$200,000 of additional revenues available in the reclamation and development account that were in excess of original revenue estimates.

# CULTURAL AND AESTHETIC GRANT PROGRAM

## PROGRAM DESCRIPTION

The Cultural and Aesthetic Grant Program, administered by the Montana Arts Council (MAC), is funded by investment earnings from a statutory trust, which receives coal severance tax revenues. By statute, the interest from the cultural trust is to be appropriated for protection of works of art in the State Capitol and other cultural and aesthetic (C&A) projects (15-35-108, MCA). Legislation passed by the Fifty-fifth Legislature resulted in a number of changes to the amount and use of the revenue the C&A project account receives. A discussion of these changes is provided below under "Funding."

Grant applications for cultural and aesthetic projects are submitted to the MAC on a biennial basis. Eligible applicants include the state of Montana and regional, county, city, town, or Indian tribal governments. A 16-member Cultural and Aesthetic Projects Advisory Committee, with eight members appointed by the Montana Arts Council and eight appointed by the Montana Historical Society, reviews each application. The committee prioritizes the requests and makes funding recommendations to the legislature as part of the Executive Budget. All grants require legislative approval in accordance with Title 22, Chapter 2, Part 3, MCA.

Table 14 provides an historic perspective of the Cultural and Aesthetic Grant Program. In the table, funding of the projects is from the C&A account unless otherwise noted.

Actual expenditures for the 1995 biennium were considerably lower than the amount appropriated due to revenue shortfalls. The decline in interest income was the reason for the large decrease in appropriations that occurred between the 1995 and 1997 biennia.

## SUMMARY OF LEGISLATIVE ACTION

As passed by the 2001 legislature, HB 9 appropriates Cultural Trust interest earnings deposited into the C&A project account for two specific purposes. The first priority funding is a \$15,000 appropriation to the Montana Historical Society for the care and conservation of capitol complex artwork in accordance with 5-11-115, MCA. The second priority is for 71 C&A grant awards totaling \$916,130. These awards are listed in Table 15 on the following page in priority order.

Similar to the previous legislature, general fund was included as a source of funding for the C&A grants because the 1997 Legislature used approximately one-half of the Cultural Trust corpus to purchase Virginia and Nevada City properties. The 2001 legislature appropriated \$523,575 of general fund for this purpose. The short-term effect of that action was to reduce the ability of the Cultural Trust to earn interest that is transferred to the C&A project account.

## EXECUTIVE BUDGET COMPARISON

The Executive recommended funding 73 projects at a total cost of \$944,755, plus \$15,000 for Capitol Mural Restoration and \$278,245 in HB2 for administration of the Montana Arts Council. Because the C&A project account revenues were projected to be substantially less due to the use of one-half the corpus to purchase Virginia and Nevada City the executive budget, included a \$600,000 general fund appropriation. As the result of the added general fund and a \$10,000 grant being dropped by the executive, there was surplus funding of \$57,800 that was not committed to any projects. In the

Table 14 History of Cultural and Aesthetic Project Funding			
Biennium	Funds Appropriated	Funds Expended	Number of Projects
1979	\$50,000	\$50,000	1
1981	140,000	140,000	3
1983	641,680	602,042	15
1985	823,479	810,704	39
1987	1,476,511	1,414,114	63
1989	1,211,817	1,099,290	53
1991	1,298,788	1,184,661	65
1993	1,551,323	1,531,239	88
1995	1,706,735	1,267,952	93
1997	857,926	852,003	77
1999	1,489,453	1,416,787	79
2001	1,234,939 *	1,203,939 Est.	76
2003	1,209,375 **	N/A	71

\* Includes a \$600,000 general fund appropriation.  
\*\* Includes \$523,575 general fund appropriation

event that Cultural and Aesthetic Trust fund interest revenues fall short of estimates, HB 9 provides a process for reducing grant amounts:

“if money in the cultural and aesthetic projects account is insufficient to fund projects at the appropriation levels ... reductions to all projects will be made on a pro rata basis.”

The legislature reduced the number of projects funded from 73 to 71 and made net reductions to individual grants in the amount of \$18,625. The legislature then reduced the general fund appropriated in HB 9 by a total of \$76,425, leaving a general fund appropriation of \$523,575 in HB 9. The reduction in general fund was a result of cutting surplus grant funding of \$57,800 plus \$18,625 that was cut from projects as a result of legislative action.

Table 15  
Cultural and Aesthetic Grant Program  
Grant Recommendations  
2003 Biennium

Rank	Organization	Amount Authorized	Cumulative Total	Rank	Organization	Amount Authorized	Cumulative Total
<b>Special Projects &lt;\$4,500</b>							
1	Montana Storytelling Roundup	\$4,500	\$4,500	7	Shakespeare in the Parks	18,000	441,800
2	Council for the Arts, Lincoln	2,500	7,000	8	Billings Symphony Society	20,000	461,800
3	Miles City Preservation Commission	4,000	11,000	9	Alberta Bair Theater	18,000	479,800
5	Montana Oral History Association	4,000	15,000	10	Montana Dance Arts Association	5,000	484,800
6	All Nations Pishkun Association	3,000	18,000	11	Great Falls Symphony Assoc	12,000	496,800
7	Swan Ecosystem Center	2,800	20,800	12	Butte Center for the Performing Arts	20,000	516,800
8	Garden City Ballet of Montana	0	20,800	13	Fort Peck Community College	15,000	531,800
9	Fort Wm H Harrison Museum	0	20,800	14	Schoolhouse History and Art Center	20,000	551,800
<b>Special Projects &gt;\$4,500</b>				15	Young Audiences of Western Montana	10,000	561,800
1	MT Committee for the Humanities	32,000	52,800	16	Holter Museum of Art	10,000	571,800
2	V I A S, Inc	22,000	74,800	17	Montana Agricultural Center & Museum	12,000	583,800
3	Glacier Orchestra & Chorale	22,000	96,800	18	Archie Bray Foundation	15,000	598,800
4	Missoula Children's Theatre	10,000	106,800	19	Butte Symphony Association	15,000	613,800
5	KUFM-TV	11,000	117,800	20	Growth Thru Art Inc	20,000	633,800
6	Bozeman Symphony	10,000	127,800	21	Vigilante Theatre Company	18,000	651,800
7	Hockaday Museum of Art	15,000	142,800	22	Helena Symphony Society	12,000	663,800
8	Miles Community College	6,000	148,800	23	Big Horn Arts/Crafts Assoc/Jailhouse Gall.	10,000	673,800
9	Valley County Coalition	12,000	160,800	24	MT Association of Symphony Orchestras	15,000	688,800
10	Montana Repertory Theatre	20,000	180,800	25	Montana Transport Company	12,000	700,800
11	Missoula Symphony Association	5,000	185,800	26	Yellowstone Art Museum	20,000	720,800
12	Montana Arts	20,000	205,800	27	Whitefish Theatre Company	10,000	730,800
13	Montana Historical Society	20,000	225,800	28	Montana Ballet Company	10,000	740,800
14	Montana Performing Arts Consortium	20,000	245,800	29	Livingston Depot Foundation	15,000	755,800
15	Rocky Mountain Ballet Theater	7,000	252,800	30	Yellowstone Ballet Company	6,000	761,800
16	Lewistown Art Center	8,000	260,800	31	The Artist Group	1,600	763,400
17	Museum of the Rockies	10,000	270,800	<b>Capital Expenditures</b>			
19	Montana Alliance for Arts Ed	10,000	280,800	1	Cascade Co Historical Society	\$20,000	\$783,400
20	Very Special Arts of Montana	7,000	287,800	2	Billings Preservation Society	20,000	803,400
22	Madison Valley Cultural Corp	4,000	291,800	3	Butte-Silver Bow Public Archives	20,000	823,400
23	Artslink, College of Arts & Arch., MSU	5,000	296,800	4	Belt Public Library	16,500	839,900
24	Mineral Museum	5,000	301,800	5	Arlee Historical Society	1,655	841,555
<b>Operational Support</b>				6	Fort Peck Fine Arts Council	16,000	857,555
1	Western Heritage Center	14,000	315,800	7	Daly Mansion	20,000	877,555
2	Montana Art Gallery Dir Assoc	25,000	340,800	8	Paris Gibson Square	5,000	882,555
3	Writer's Voice (Billings YMCA)	25,000	365,800	9	Liberty Village Arts Center	2,775	885,330
4	Custer County Art Center	22,000	387,800	10	Tobacco Valley Imprvmt. Assoc. Bd of Art	18,000	903,330
5	Carbon County Historical Society	16,000	403,800	11	Bitterroot Community Band	6,000	909,330
6	Art Museum of Missoula	20,000	423,800	12	Great Falls Civic Center	6,800	916,130
<b>Total Authorized</b>						<b>\$916,130</b>	



### Funding

Table 16 shows the projected funding for the Cultural & Aesthetic project account for the 2003 biennium. The beginning fund balance is estimated to be zero because revenues are projected to be less than total appropriations in the 2001 biennium. Interest income from the coal tax-funded Cultural Trust is projected to be \$648,000 for the 2003 biennium.

Projected expenditures from the Cultural & Aesthetic grants and the HB 2 general appropriations act are shown. As previously noted, the first priority in HB 9 is the \$15,000 appropriation to the Montana Historical Society for the care and conservation of the capitol complex artwork. HB 9 provides for the review of this appropriation in fiscal year 2003 to determine if it should continue in future biennia. In addition, Table 16 shows expenditures from the C&A project account of \$278,245 for Administration and Folklife. This appropriation is made to MAC in HB 2, and the amount is based on the estimated costs that MAC incurs to administer the C&A grant program and the Montana Folklife program.

Table 16 Cultural & Aesthetic Grant Program Fund Balance Projection, 2003 Biennium	
Estimated Beginning Fund Balance	\$0
Revenue Projections *	
Fiscal 2002 Interest	317,000
Fiscal 2003 Interest	331,000
DOR Accounting Adjustment	<u>37,800</u>
Total Funds Available	685,800
Proposed Expenditures	
Administration and Folklife	(278,245)
Capitol Mural Restoration	(15,000)
Grants	<u>(916,130)</u>
Total Expenditures	(1,209,375)
Projected Ending Fund Balance	(523,575)
General Fund Appropriation (HB 9)	<u>523,575</u>
Projected Ending Fund Balance if General Fund Revenue is Appropriated	<u>\$0</u>
* Based on HJR 2 revenue estimates	

# INFORMATION TECHNOLOGY BONDS

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House Bill 188 in the 1997 legislative session established a new vehicle for the funding of large information technology (IT) projects. By defining information technology projects as infrastructure and as an asset, it allowed for bonding for large information technology projects. The 1997 legislature authorized \$43.0 million in general obligation bonds and the 1999 legislature authorized \$18.8 million. The majority of the costs funded through this mechanism thus far have been for the replacement of many of the state's primary legacy systems currently used to manage information regarding state personnel, accounting, budgeting, revenue collection, and tax administration.

## SUMMARY OF LEGISLATIVE ACTION

There were 2 projects recommended by the Executive in HB 15 that were IT bonding proposals:

- \$800,000 in G.O. funding for the Department of Justice to purchase 592 automated accounting and reporting system data collection units. Debt service payments are to be made from the gambling state special revenue account.
- \$2.5 million of G.O. bonding for PBS digital conversion, from which the proceeds must be used to meet FCC mandated requirements. Bond proceeds, along with private contributions, may be used to match the national telecommunications information grant for digital conversion. Debt service payment would be made from the general fund.

The 57<sup>th</sup> legislature tabled HB 15 and transferred the projects to other bills. The Department of Justice project was the basis for a committee bill (HB 577) requested by the Long Range Planning Committee and approved by House Appropriations. The PBS digital conversion was amended into HB 5 and HB 14 in action by the Long Range Planning Committee and approved by House Appropriations. Each of these bills is discussed further below.

### *House Bill 577*

For a video gaming accounting system, the Department of Justice is authorized to borrow up to \$1.1 million for a term not to exceed 7 years for the acquisition of a video gaming accounting system. HB 2 provides \$380,000 per year to support the general fund commitment to the video gaming accounting system. These funds will be used to pay for direct costs associated with this system and to pay the debt service that will accrue if the Department of Justice elects to borrow funds from the Board of Investments through the Board of Investments' INTERCAP<sup>1</sup> program.

For a motor vehicle titling system, the Department of Justice is authorized to borrow up to \$4.5 million over a term not to exceed 10 years for a motor vehicle titling system. This loan would be made under the Board of Investments INTERCAP program. The bond proceeds will be deposited in the capital projects fund for the Department of Justice for the motor vehicle titling system. The debt service on this loan will be paid from the vehicle information technology system account.

### *House Bills 5 and 14*

In order to provide for the conversion of the PBS from analog service to digital service as required by the FCC. HB 5 authorizes authority to MSU-Bozeman to utilize \$3.1 million of funds collected from or available in Federal funds, donations, nonstate funds or plant funds. In addition, for further funding, HB 14 authorizes the sale of \$1.9 million of general obligation bonds for a term not to exceed 10 years. For further information regarding this project, refer to the Long-Range Building portion of this section.

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<sup>1</sup> INTERCAP Program – The Board of Investments is authorized to make loans to all local governments and the university system under the INTERCAP program. The board sells tax-exempt bonds and lends the proceeds to eligible government units as well as state agencies that are specifically authorized to borrow by state law.

**Funding***House Bill 2*

House Bill 2 provides \$380,000 per year to support the general fund commitment to the Automated Accounting and Reporting System provided for in HB 577.

*House Bill 577*

Approximately 157,324 liens were filed during fiscal 2000 generating general fund revenues of \$629,294. HB 577 provides that the lien filing increases from \$4 to \$8 with \$4 of the fee distributed to the general fund and \$4 to the motor vehicle information technology system account, effective January 1, 2002. This would generate approximately \$319,000 in fiscal 2002 and approximately \$648,313 in fiscal 2003, for an estimated total of \$967,000 during the 2003 biennium. This projection is based on lien filing of 157,324 liens in fiscal 2000 and assumes a 1.5% annual growth continues. This \$4 increase in the filing fee on any security interest or other lien will terminate June 30, 2008.

*House Bills 5 & 14*

HB 5 funding for the PBS digital conversion is provided from non-general fund sources and the debt service of the general obligation bonds of \$1,892,286 will be funded by the general fund.



## **CULTURAL HERITAGE INITIATIVE**

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In HB 16, with a stated goal to preserve Montana history and promote economic development through heritage tourism, the Executive Budget proposed a loan from the coal tax trust for funding history preservation and preparing for the upcoming Lewis and Clark Bicentennial. Grants would have been made available to Montana communities to prepare for the bicentennial.

As requested by the executive, this proposal would have been funded from a \$40.0 million loan from the coal tax trust, borrowed in incremental amounts over a 10-year period. The executive request indicated that \$22.3 million would be spent in the 2003 biennium with lesser increments apparently borrowed during the following four biennia. The pay back would occur over a 40-year period.

### **SUMMARY OF LEGISLATIVE ACTION**

The Long Range Planning Committee tabled HB 16.

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